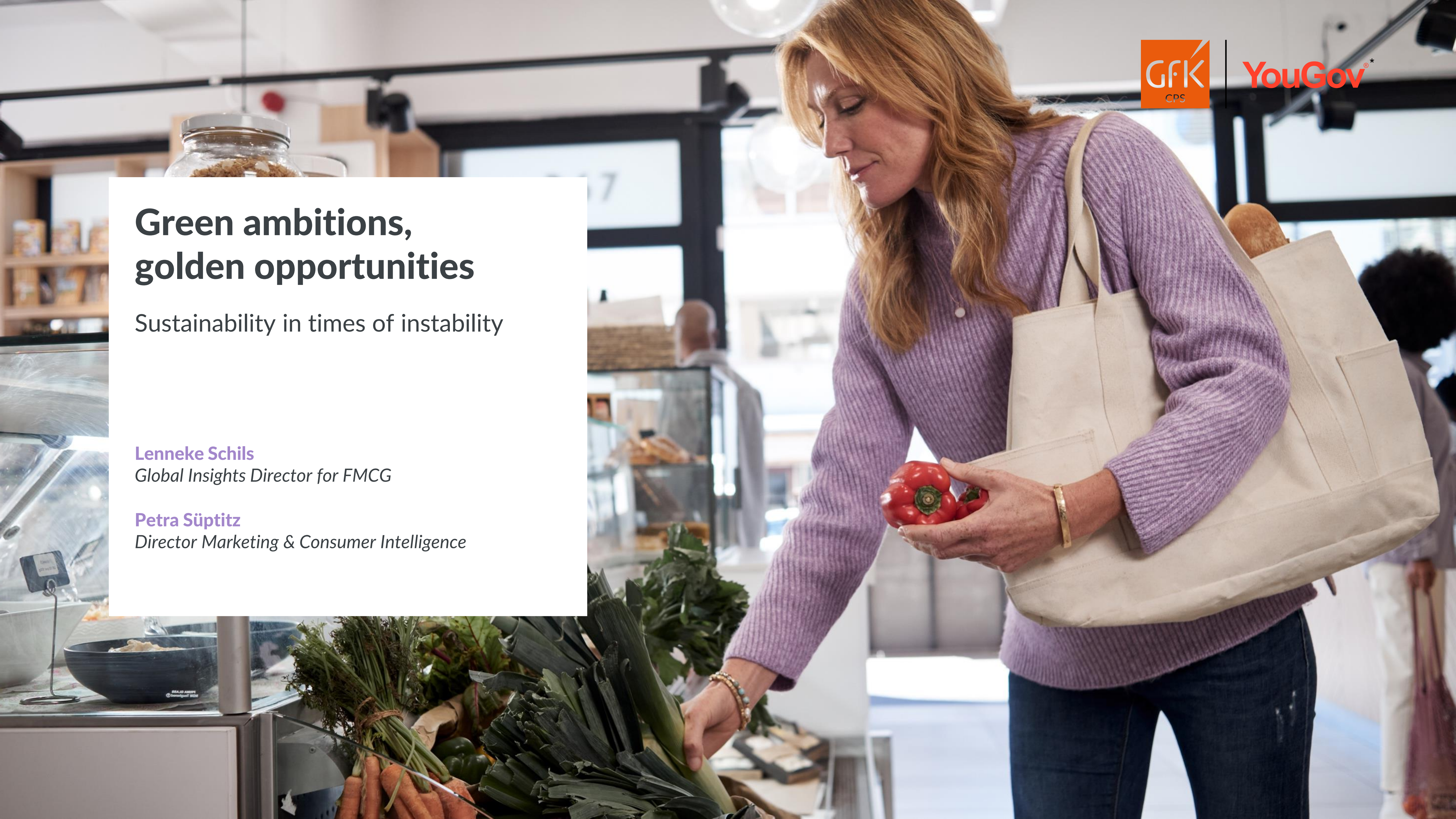


Green ambitions, golden opportunities

Sustainability in times of instability

Lenneke Schils
Global Insights Director for FMCG

Petra Süptitz
Director Marketing & Consumer Intelligence

Agenda

1 Sustainability in times of instability

2 Eco-actives: now and ahead

3 Insights to implementation: Essity

- By Irina Ivanova, Sustainability Lead @ Essity

4 Glamorously Green

5 Three drivers of transformation

6 How GfK can support

Sources

- Who Cares Who Does
- Europanel, GfK, Kantar
- 4th edition in 26+ markets
- FMCG & plastic waste
- >98,000 households
- Today: EU-12
- BE, CZ, DE, ES, FR, GB, IT, IE, NL, PL, PT, SK

- Green Gauge
- GfK
- >10 years in 28+ markets
- Sustainability habits
- 1st FMCG shopper edition
- >55,000 households
- Today: EU-7
- BE, CZ, DE, IT, NL, PL, SK

Consumer Panel Why2Buy

Survey + Purchasing data MAT June 2022

Single source

01

Sustainability in times of instability

GfK CPS | YouGov

Why sustainability now?

36% of global consumers will select one brand over another specifically because it supports a cause they believe in

According to **73%** of global consumers, it is important that companies take environmentally responsible actions

Eco-actives will spend **>$1.000 bn** on FMCG and **>$700 bn** on technical consumer goods globally by 2030

Looking beyond the self: Watching out for our planet

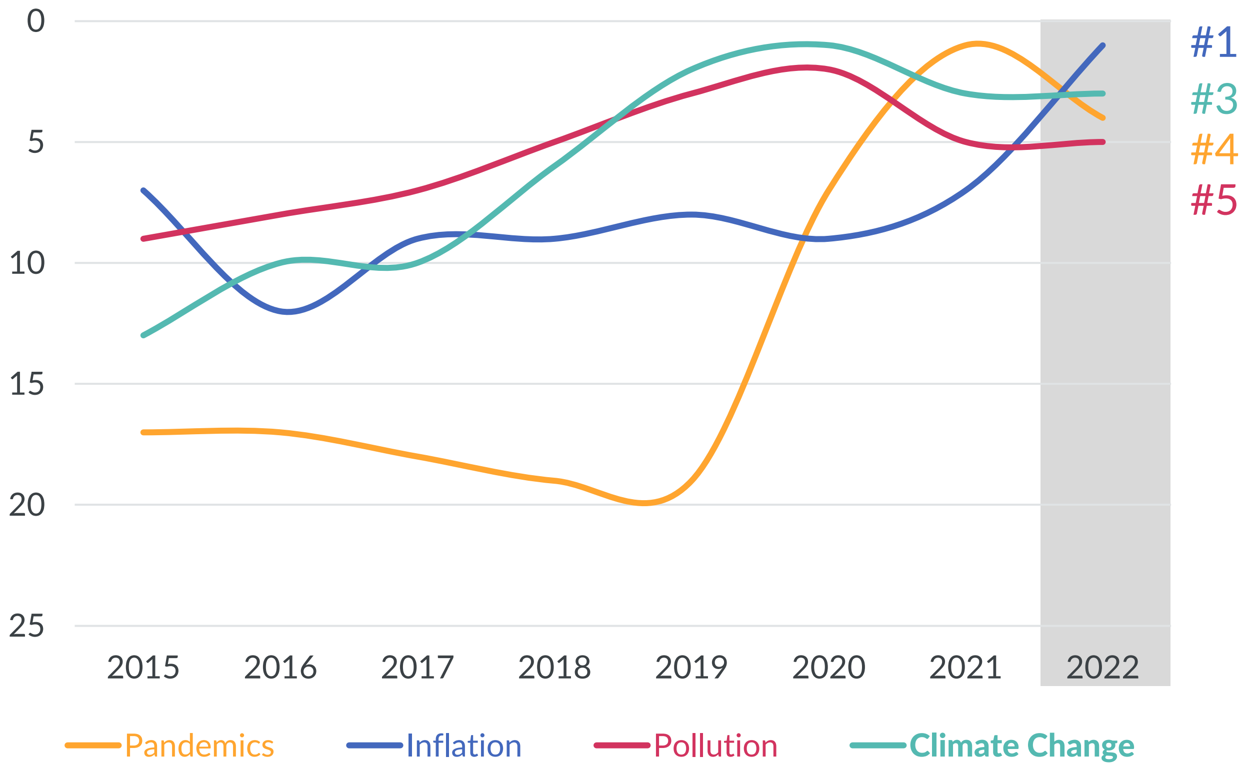
Eco-conscious
We all need to do more for the planet

Preserving the environment
Helping to preserve nature

Being in tune with nature
Fitting into nature

Inflation rocketed to the #1 societal concern, climate change stable in top 3 biggest concerns in Europe

Ranking of selected societal concerns | 2015-2022

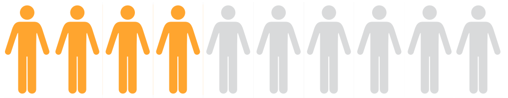


Environmental protection remains table stakes for brands, yet 1 in 2 is suspicious of brands ‘greenwashing’

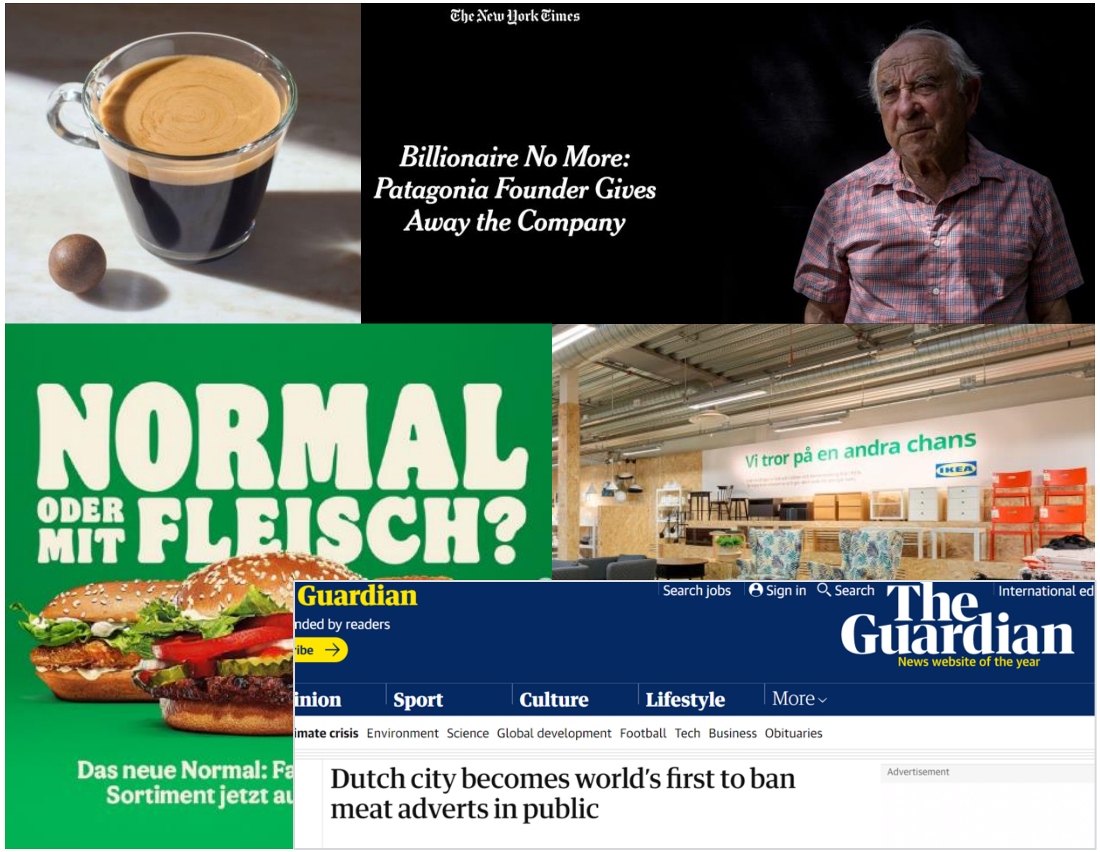
Companies should care for the environment

Companies only care about profits

I can personally make a difference



It's the governments job, not mine



Cost of living crisis influence

Agreement in % | Top 2 Boxes

2/10
First comes economic security, then we can worry about the environment

4/10
Recently I have found it harder to act sustainably because of economic issues

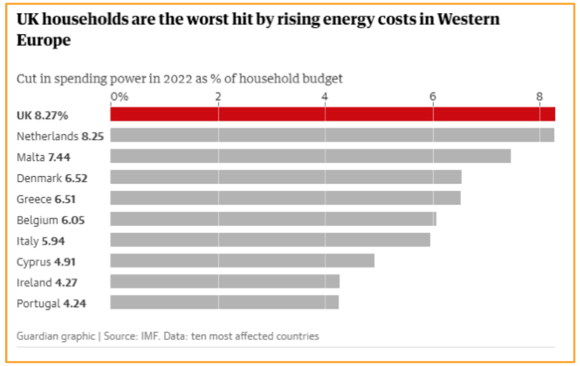
6/10
Environmentally friendly alternatives are too expensive

In the light of inflationary pressures habits will shift and circularity is boosted further

>90%
of European consumers
conserve energy in the home

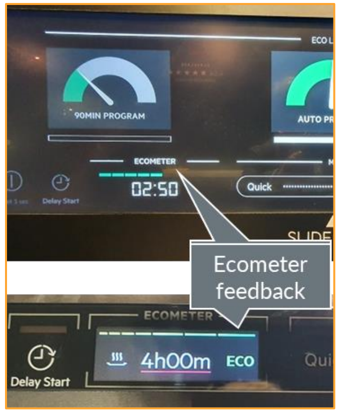
>80%
of European consumers
conserve water in the home

Jackery solar generator



Source: The Guardian, IMF

BMWK campaign

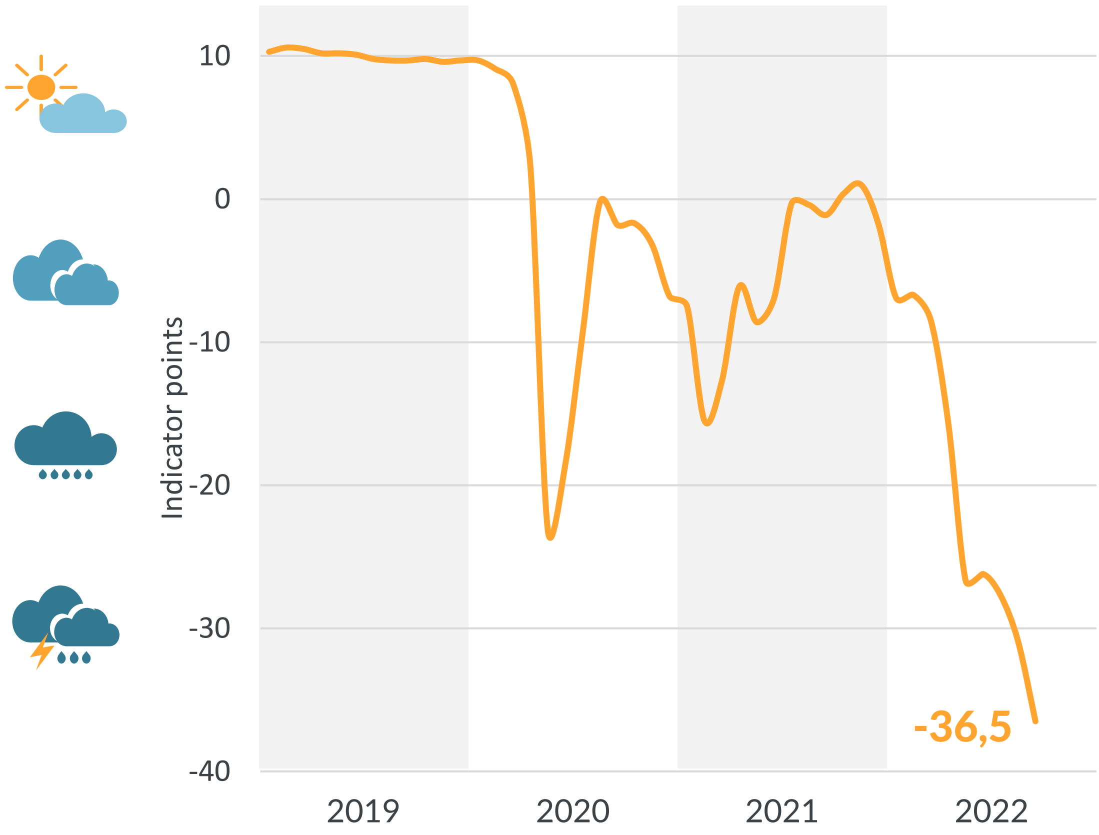


Electrolux eco feedback

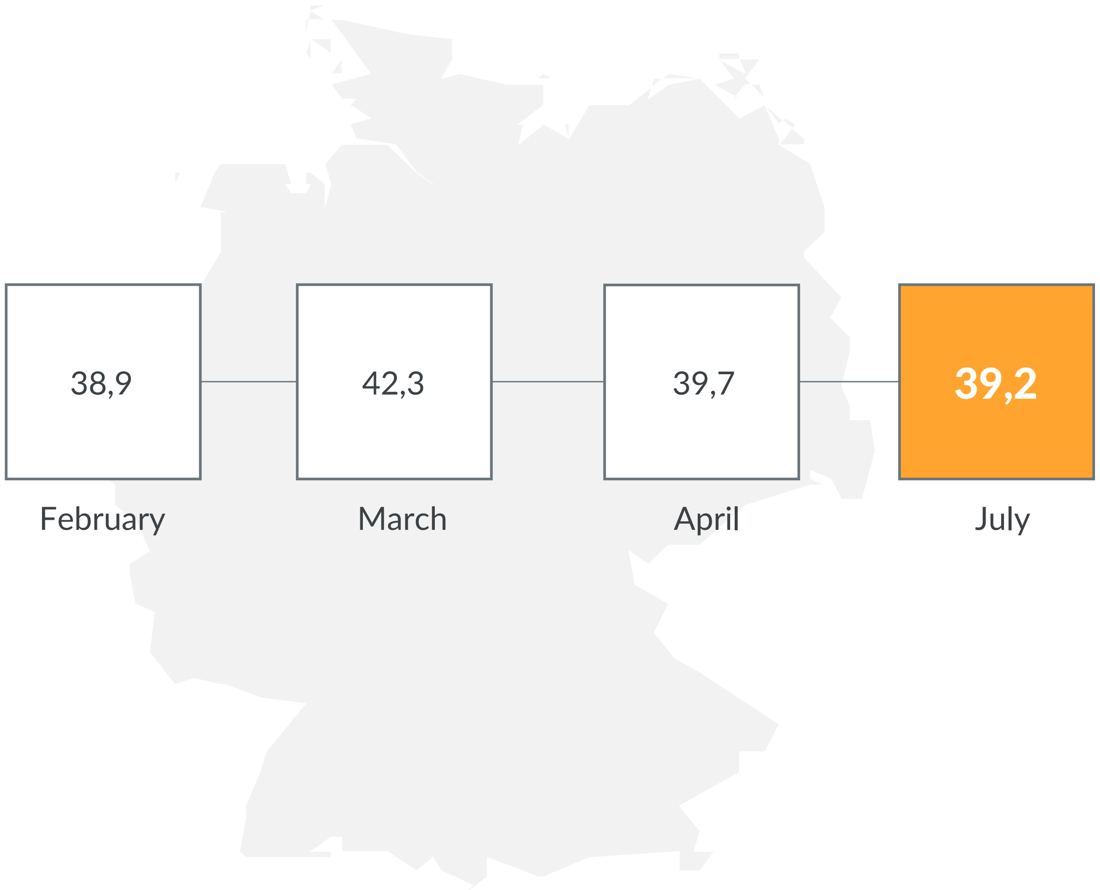
EU-7 = BE, CZ, DE, IT, NL, PL, SK

Despite declining consumer climate, consumers in Germany are still buying sustainably

GfK Consumer Climate Germany August 2022



GfK sustainability index Germany 2022



FMCG is the ´hot spot` for turning concern into action

64% of consumers plan to buy products for daily use sustainably in the future

27% of consumers plan to buy major purchases sustainably in the future

02

Eco-actives: now and ahead

In Europe, eco-actives declining 4.6pp vs. last year

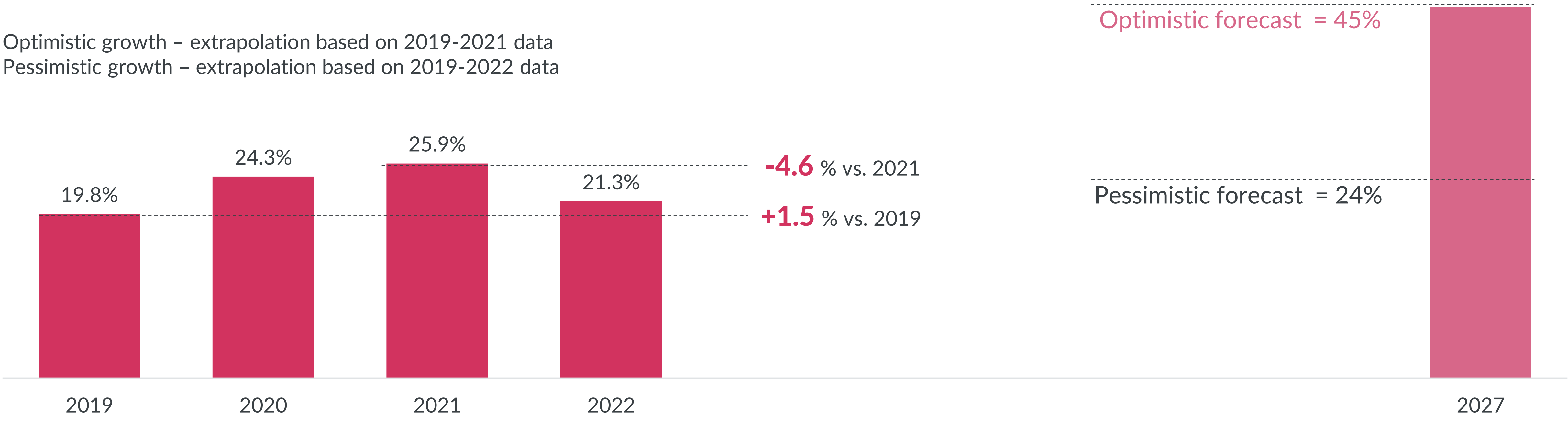
Our segmentation based on plastic avoidance in home and in store

Shoppers who are highly concerned about the environment and are making the most of actions to reduce their waste. They feel an intrinsic responsibility to be more sustainable, follow the topic more actively and have a greater awareness.

- Is this a blip or a pattern?
- We think a blip caused by the cost-of-living crisis and we'll see Eco-Actives return to growth again soon

Eco-Actives % of households 2019-2022 + Predicted for 2027

Optimistic growth – extrapolation based on 2019-2021 data
Pessimistic growth – extrapolation based on 2019-2022 data



Plastic avoidance

Top 3 actions done less this year (all shoppers):

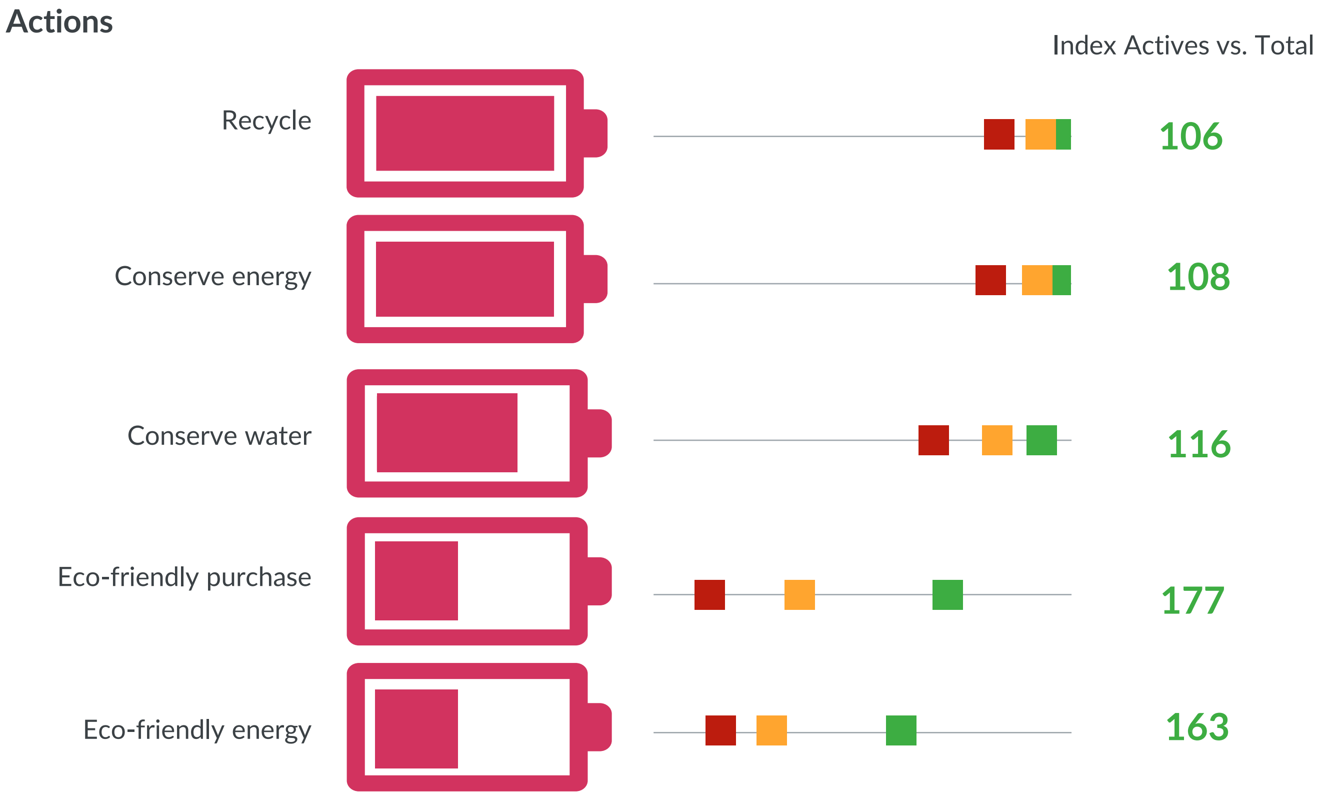
- Avoiding plastic toys, accessories **-10%**
- Avoiding plastic packaging **-7%**
- Buying refills if available **-6%**

Eco-actives

- "I'm struggling to make ends meet" **index 102**
- "Recently I have found it harder to act sustainably because of economic issues" **index 102**

Many other sustainable actions still widely adopted

Environment-based purchasing most differentiating



Price overall the greatest barrier to eco-purchasing

Eco-actives need tools, eco-dismissers need reassurance

Barriers | Agreement Top2Boxes

> 1/2				> 1/10
#1	**#2**	**#3**	**#4**	**#5**
Environmentally friendly alternatives are too expensive	I would do more, but don't know how	Environmentally friendly alternatives don't work	I'm too busy to make my lifestyle environmentally friendly	My family doesn't accept environmentally friendly alternatives
Index vs. Total				
Eco-dismissers 104	Eco-actives 113	Eco-dismissers 109	Eco-dismissers 116	Eco-actives 124

Cost of living crisis has paused the higher growth of sustainable options

Prior to 2022, Eco-options were growing quicker than the category average. But this year performance is no better than the category average (but not weaker on average)

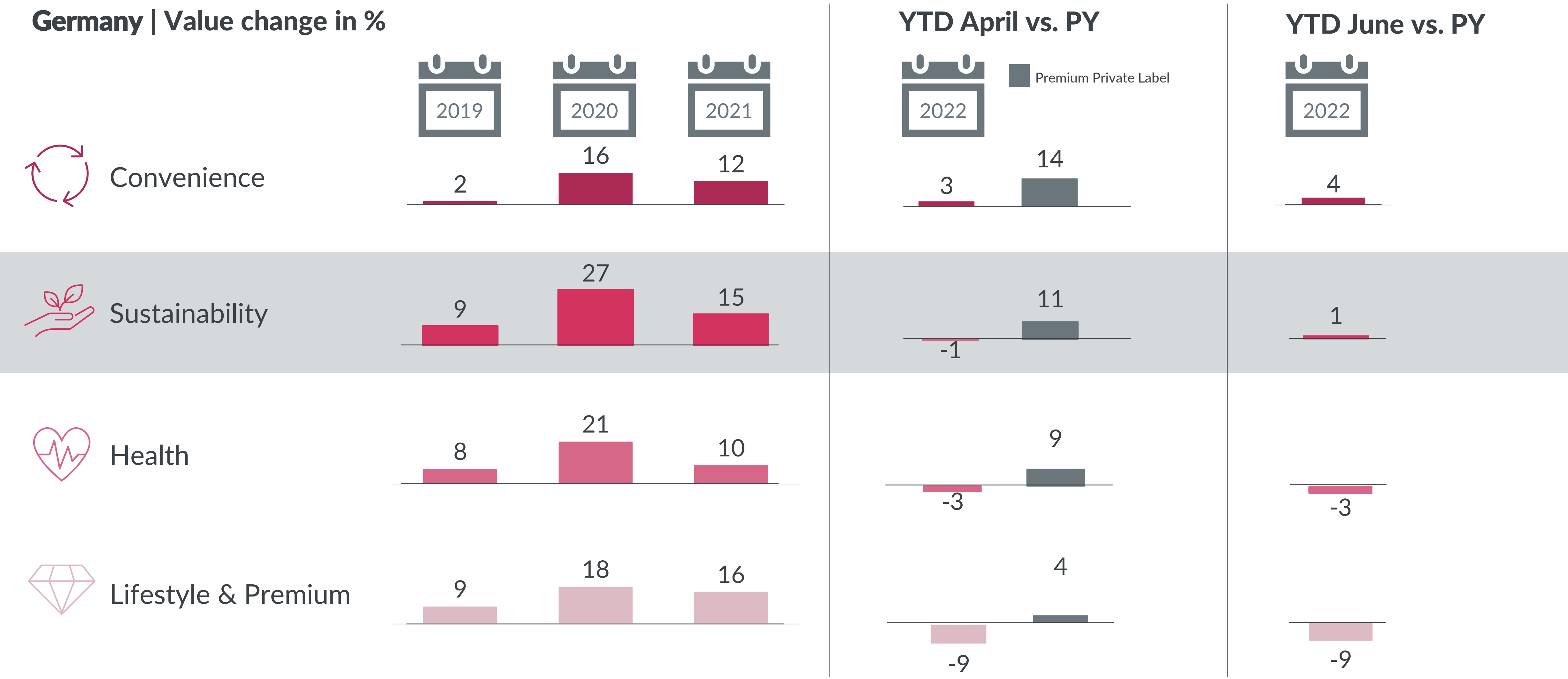
- Purchase quarterly year on year value sales change
- Europe – 24 categories / 7 countries

Eco-choice vs total category

Q2 2020-2021	Q2 2021-2022
+30%	**+0%**

Yet sustainability bouncing back in Europe's greenest market

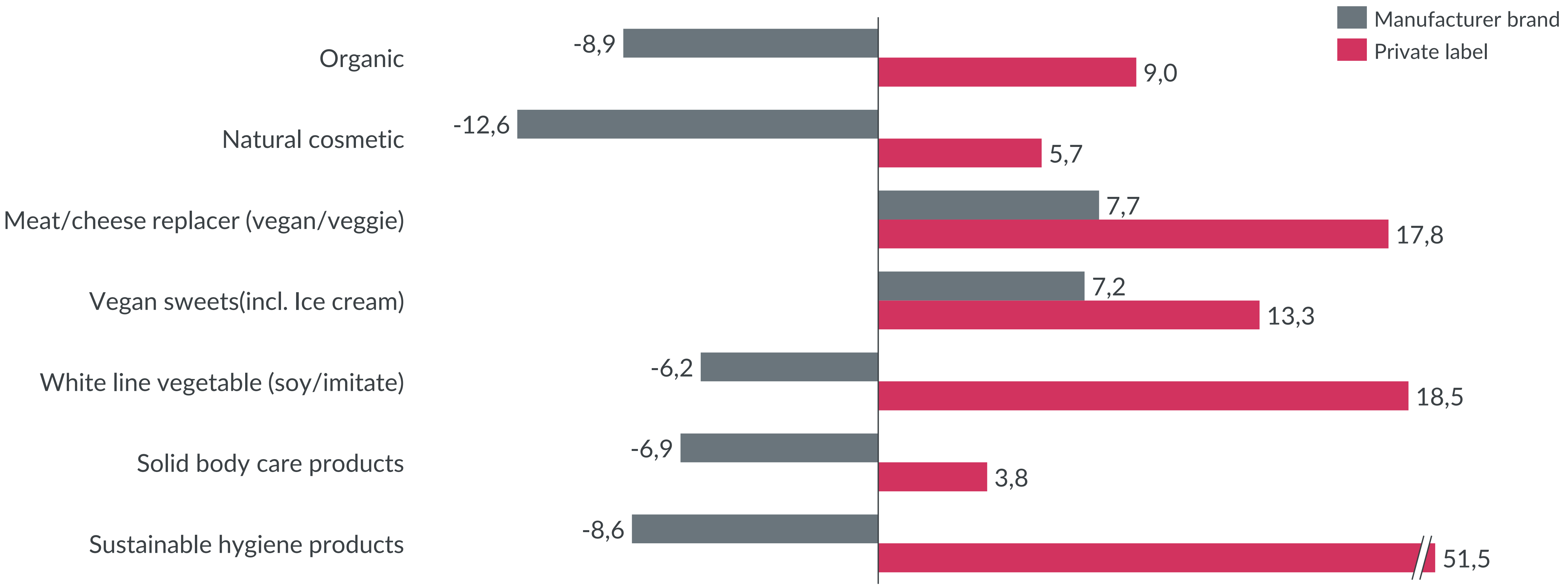
(Premium) private label as a trend driver in times of hardship



In 5/7 sustainability trends, A-brands develop negatively

Private label consistently positively

GER - Sales development YTD June 2022 to YTD June 2021, in %



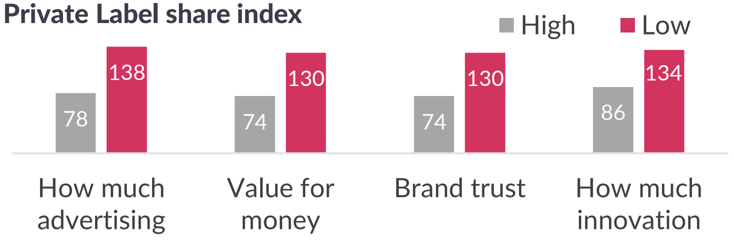
Source: DE GfK Consumer Panel FMCG; Sales development YTD June 2022 to YTD June 2021, in %

Rules of growth still apply (or more than ever)

Investment is key

What consumers think of brands in a category has a strong effect on private label share

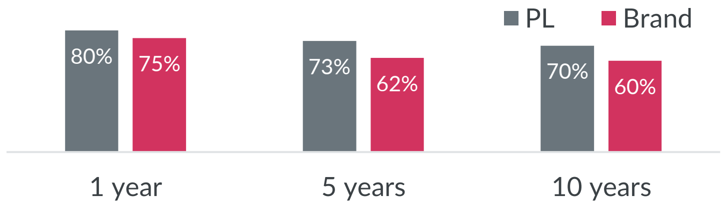
Private Label share index



PL share gains likely to be long lasting

Penetration remains key

Likelihood of keeping won share 5 to 10 years later



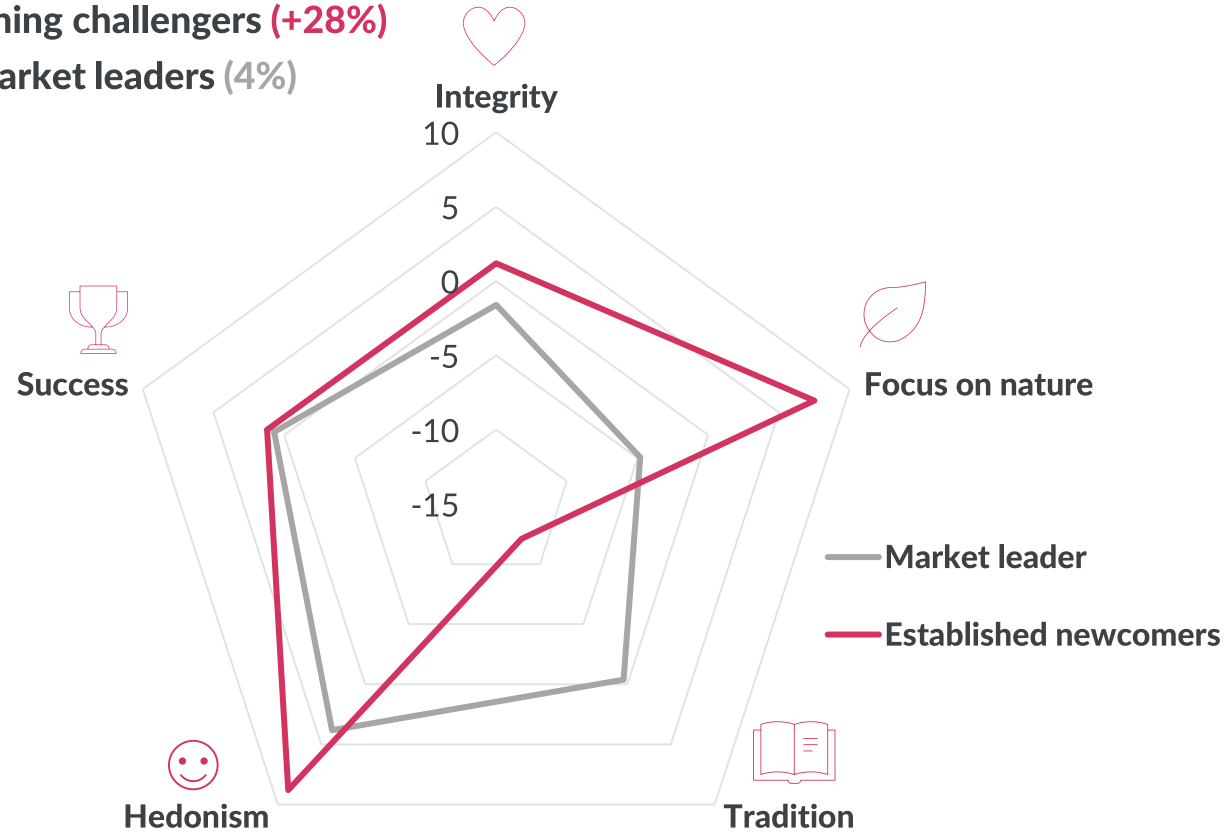
Source: Europanel Global Private Label study
BG20 30 countries, 100 categories and 11500 brands, 2015 to 2019
BG 20 3800 brands 563 categories AT BE DK FR ES SE UK 2008 -2018

Winning challengers build brand identities that resonate

Functional focus alone does not cut it

Germany

Winning challengers (+28%)
vs market leaders (4%)



Functionality
Necessary but no longer sufficient to thrive

Emotionalisation
Individual fun and indulgence are key factors, but less central

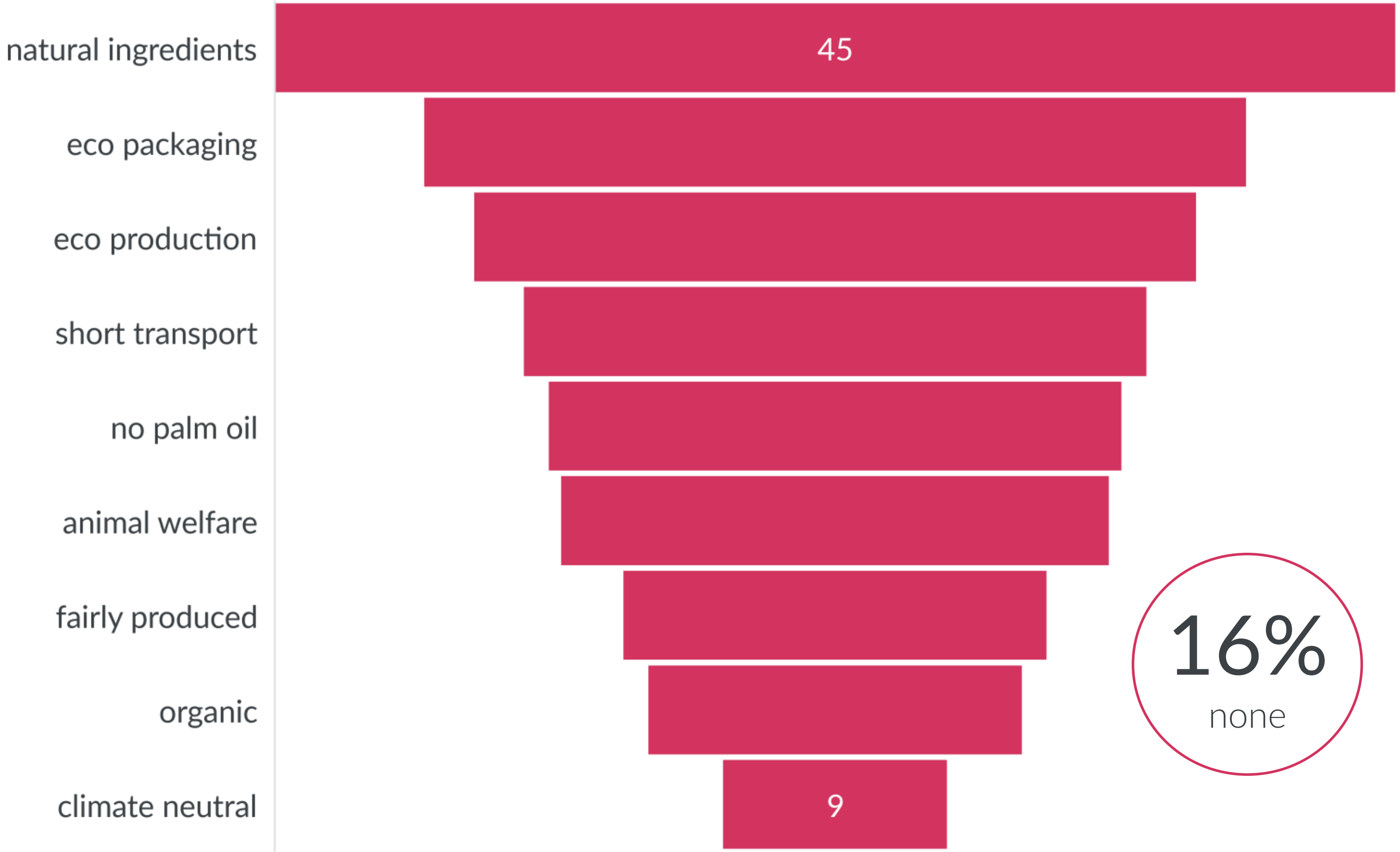
Responsibilization
Growing success factor when paired with emotionalization

The right balance
No unlimited license from consumers to engage and speak up

Source: DE Kronberg study - GfK Consumer Panel FMCG; Why2buy, value dimensions, basis: revenue, YTD 11/ 2021

Natural most premium-worthy

Top influences for products to put on the body or to eat/drink are natural (#2), sustainable (#3) and organic (#4), out of 10 influences globally



Source: GfK, Behavior Change survey EU-15 n=7,855 April 2022; GfK ConsumerPanel, Harmonized Statements, EU-14 MAT '21
GfK ConsumerPanel, Harmonized Statements, EU-14 MAT '21 | Consumer Life 2022

In Europe, only 15% of shoppers don't plan buying any sustainable products

Of those that are acting, 88% are making 4 or more choices and 68% are making 7+ choices

When shopping I choose products.... % making # actions frequently + occasionally. All shoppers.

#1 (88%)

Locally produced meat, fish, fruit, or vegetables

#2

Products made from **recycled plastic**

#3

NATURAL INGREDIENTS

Personal care products with **natural ingredients**

#4

NON TOXIC CHEMICALS

Household products that have **fewer harsh chemicals**

#5

Refillable over single use products

#6

Products with **biodegradable** ingredients

#7

not tested on animals

Products with **animal welfare** stamps on packaging

#8

Plant Based

Plant-based foods and drinks

Also: most don't intend to

#9

Products without **Microplastics / microfibers**

Also: most unaware of

#10 (57%)

CO_2 Carbon Footprint Taiwan EPA

Products with reduced **carbon footprint labels**

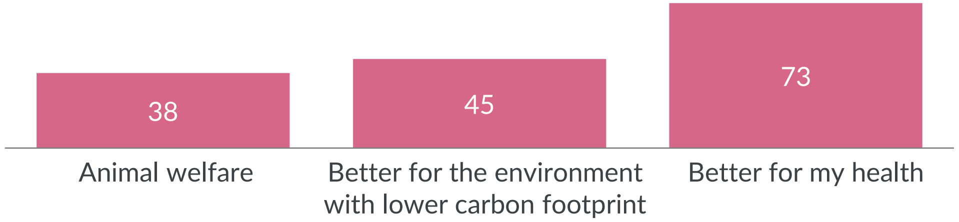
Also: most unaware of
Also: top occasional choice eco-actives

Choice for plant-based food and drink products

Health first, environment second: holistic reasoning

Product choice | Often + Occasionally | all shoppers

Top 3 reasons for choosing plantbased



Category preference for Frequently or Occasionally choose plant-based products
Value share index vs. average shopper

	NL	PL
Plantbased dairy	+29%	+31%
Meat replacers	+34%	+36%

Case study Flower Farm

Palm oil free

What does the brand stand for?

- 100% plant based
- Fully vegan, no animal testing
- 100% natural ingredients
- Contributes to reducing palm oil usage

Key KPIs

17%
Relative penetration among Eco-Actives

148%
Penetration index Eco-Actives vs. avg.

115%
Spend per buyer index Eco-Actives vs. avg.

Success factors

- **Packaging is bold** (color, product name transmits key benefit), and is **communicated** heavily in (**online) commercials**.
- **No real price premium**, **around existing a-brand level**.
- **Penetration** higher among **younger households with no children** (10.8% vs. 7.8% overall)
- **Distribution** is **broad**. From main **national and regional retailers** to **online** players (e.g. Crisp)
- Launching into **new categories**, e.g. chocolate/hazelnut spreads

Case study Danke

Recycled, CO2 reduction

DANKE
Ihr kleiner Beitrag!

Key KPIs

HHT TPD

19% | 16%

CAGR penetration MATQ2 2018-2022

+3% | +5%

Exclusive buyers added to the category

#4/20 | #3/20

Top ranking optimal assortment

+6% | +9%

Eco-actives exclusive buyers added

What does the brand stand for?

- Good for me, good for nature
- Unbleached
- CO2 reduced & recyclable pack
- 100% recycled paper
- “Blue Angel” certified

Success factors

- Transformation via small (trans)actions - “Your small contribution” and brand name to feel good
- Packaging “speaks for itself”
- **Incrementality:** adds (exclusive) buyers to categories
- **Reintegrating eco-actives**, underrepresented in the category
- HHT: category penetration down 5%, eco-actives under-trading at index 90

03

Insights to implementation: Essity

Our people are key assets: sustainability is still on.

Essity CG SUS DAYS

Consumer Goods

Sustainability Days

Click to visit our **category booths**

Open 24/7

Monday, June 27 — #EarthDayEveryDay

Talk in the Park 10:00 – 10:50 CET

Sustainability in New Reality
Volker Zöller & CG Green Team

GoGreen 2.0 Award Ceremony

Sustainability – Value Creator or Value Destroyer?
Oliver Krob, VP Finance

SusCafé 14:00 – 15:00 CET

Julie Garfieldt Kofoed, Sr. Director Sustainable Development Initiatives

Joe Murphy, EMF Network Lead

The New Circular Reality for Brands
Eva Schneider, Sr. Manager Sustainability & Communications

NetZero Kitchen 15:00 – 15:30 CET

NetZero Journey with GBIS Experts

LoungeTalk 15:40 – 16:00 CET

Book your speaker! Volker Zöller, Oliver Krob, Louise Palsten, Lucia Tagliaferri, Julie Garfieldt Kofoed, Joe Murphy, Eva Schneider

InnoLab 16:10 – 16:50 CET

Talk with GBIS Experts
Consumer Tissue & Sus Academy NetZero Booths

Tuesday, June 28 — Stronger Together

Coffee Chat 10:00 – 10:40 CET

Diversity – Corporate and Business Reality
Peter Kut, VP Human Resources CG
Pia Hook, VP Diversity, Equity & Inclusion

Different generations, different views? VPs&kids
Andrea and Antonio Di Paola; Louise, Emelie, Sophie Palsten; Daniel and Rosie Minney

InnoLab 11:00 – 11:30 CET

Talk with GBIS Experts
Intimate Hygiene Booths

SusCafé 14:00 – 14:50 CET

Henkel: ***Sustainability leadership - creating an impact with Customers***
- *Emmanuel Greiner, Corporate Director NRM, Shopper, Sustainability*
- *Ute Steffen, Sustainability Head*

DANONE: **How to win with the customers and bring value?** *Ayla Ziz, Chief Customer Officer*

LoungeTalk 14:50 – 15:20 CET

Book your speaker!
Henkel

Wednesday, June 29 — Inspiration and Insights

Coffee Chat 09.30 – 10:15 CET

GfK: **Shopper & Retailer Insights**
Gfk, Lenneke Schils, Global Insights Director, FMCG

SusCafé 10:20 – 11:00 CET

Casino: **How to Change Shopper Behavior?**
Matthieu Riché, CSR Director Groupe Casino

H&M: **Is it easy to be a circular in fashion?**
Ulrika Nordvall Bardh, Resource Use and Circular Impact Lead

LoungeTalk 11:10 – 11:30 CET

Book your speaker!
Gfk, Casino, H&M

InnoLab 11:40 – 12:00 CET

Talk with GBIS Experts
Baby Booths

Essity: Sustainability is still our top priority!

- Inflation hit us: energy and raw materials costs are high ever
- Consumer/shopper is reviewing “standard way of living”, pattern is still not clear yet
- How to be relevant for our target audience with our brands facing cost of living crisis?
- What changes to make to address the current situation?
- Our people – is sustainability deprioritized?

In Europe, Eco-Actives declined vs. last year (living crisis) but will grow again. People want to buy sustainably in the future

GfK CPS | YouGov

essity

Our offer for eco-actives:

Washable underwear
from disposables to reusables

50% less carbon footprint

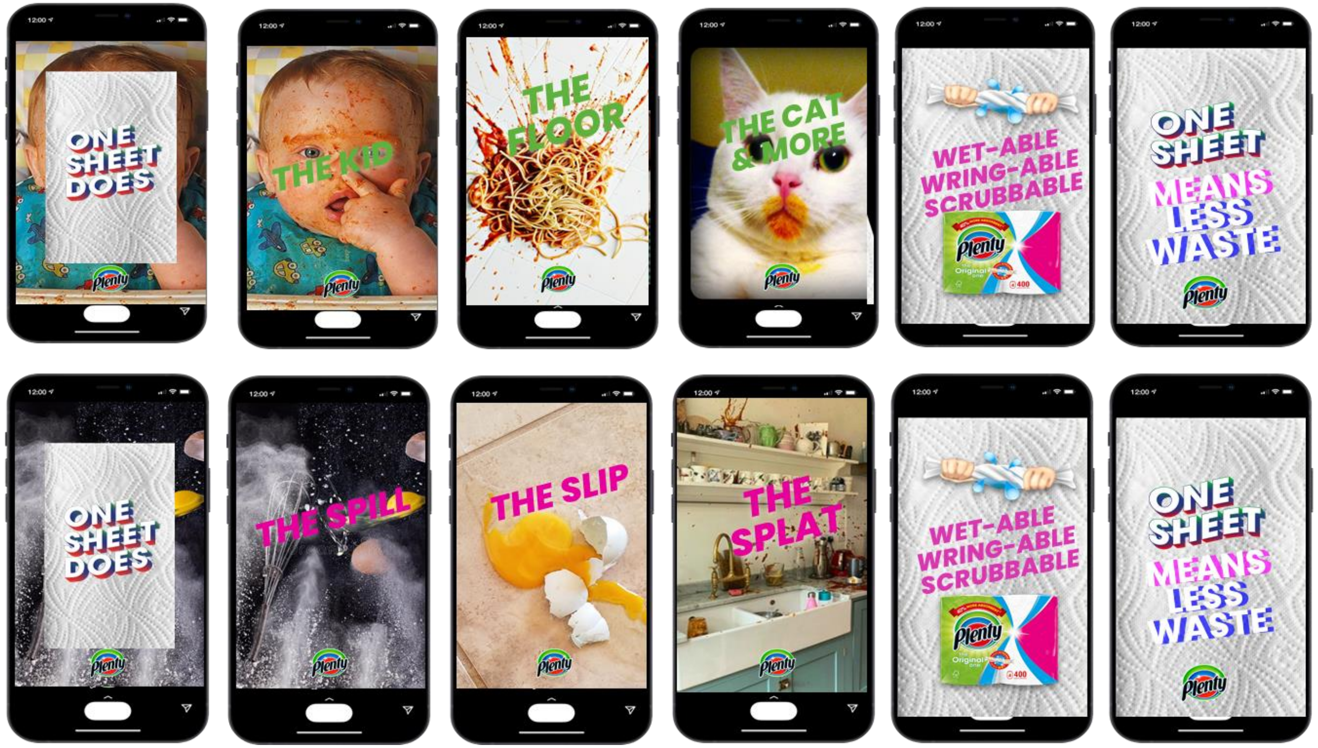
Hybrid diaper
partly reusable diapers

35% less carbon footprint

Categories suffering from not reaching Eco-Actives Eco-shoppers leave categories that fail to offer a viable sustainable alternative

essity **Comms campaign: One sheet does Plenty, one sheet for less waste**

Single Sheet leveraged to bring Sustainability to life in Communications



Eco-actives need tools to do more.
Considerers need tools to get started.

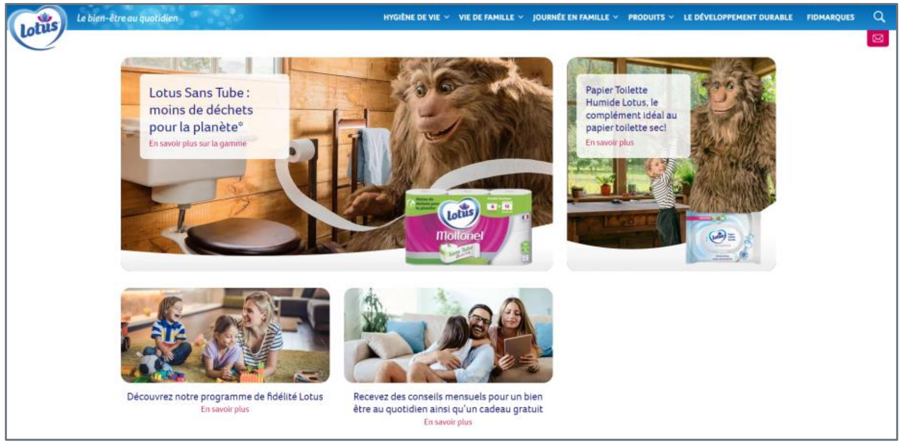
essity

Lotus SansTube - simple consistent communication is key!

- Phase 1. Lotus – no tube, twice paper.
- Phase 2. Lotus – no tube, less waste

Less waste after use

20" TVC | EN



Attitudes towards environmental responsibility: Value-action gap barrier - Don't think they can make a difference

essity **We took the responsibility and motivate shoppers to join us**

"Our responsibility, your choice" cross-category promo in Nordic

Barriers to acting (more) sustainable:
1 in 4 shoppers have doubts about eco-product functionality

essity **Zewa – our first product with wheat straw. As soft as Zewa**

New with straw

Willingness to pay: Eco-friendly packaging and natural ingredients are most premium-worthy. Packaging highly influential in shaping behaviours

GfK CPS | YouGov

essity **We work actively with the packaging and communication**

Circularity

By 2025 Essity strives for 100% recyclability and 85% renewable or recycled material in our packaging.

Made in France

CO_2 REDUCED PACKAGING RECYCLABLE

No colorants, no allergens

new

REDUCING OUR CLIMATE IMPACT

60% RECYCLED PLASTIC

CO2 REDUCED MATERIAL

READ MORE ON THE BACK

PRODUCT

CO2 REDUCED MATERIAL

PACKAGING CO_2 REDUCED

60% RECYCLED PLASTIC

CO_2 REDUCED PACKAGING

CARBON FOOTPRINT REDUCED

RENEWABLE PACKAGING

RECYCLABLE PACKAGING

CERTIFIED RENEWABLE ELECTRICITY

Partnership is key to drive sustainability

GfK CPS | YouGov

Supporting sustainability agenda with System U with paper pack

Auchan

Casino

RED CROSS

essity

Co creating with consumers

TESCO WWF essity

GfK CPS | YouGov

04

Glamourously Green

Implications: three strands of transformation

Learnings so far

01 Doing, goes without saying

- Eco-actives all rounders, act and buy in many ways. Have been growing but (temporary) decline
- Toward holistic focus on climate change, beyond pollution & waste
- Signs of plastic fatigue yet still very much in focus today, both in terms of main actions and willingness to pay

02 Shifting behaviors: saving money being green in the slipstream

- Increased focus on saving resources & restricting choices
- Belief in eco-product performance is at risk
- Natural (and packaging) still most premium-worthy
- Upcoming: carbon zero, micro-pollution

03 Going without? Not me. And-and mindset

- Emotionalisation & sustainability
- Green to showcase a trendy lifestyle
- Green is the mean, with cheat moments

Green Gauge segments take on sustainability from a total lifestyle perspective

GfK Green Gauge Global classification of consumers
Based on wider environmental concerns, attitudes and behaviors

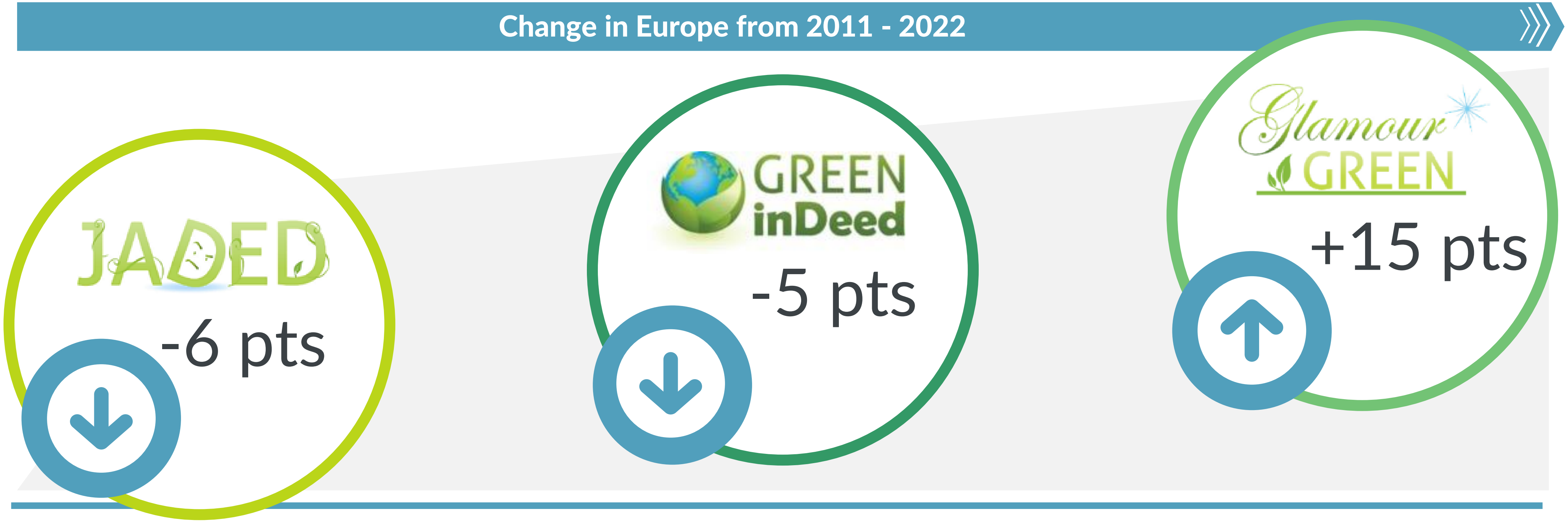
JADED

Glamour GREEN

GREEN inDeed

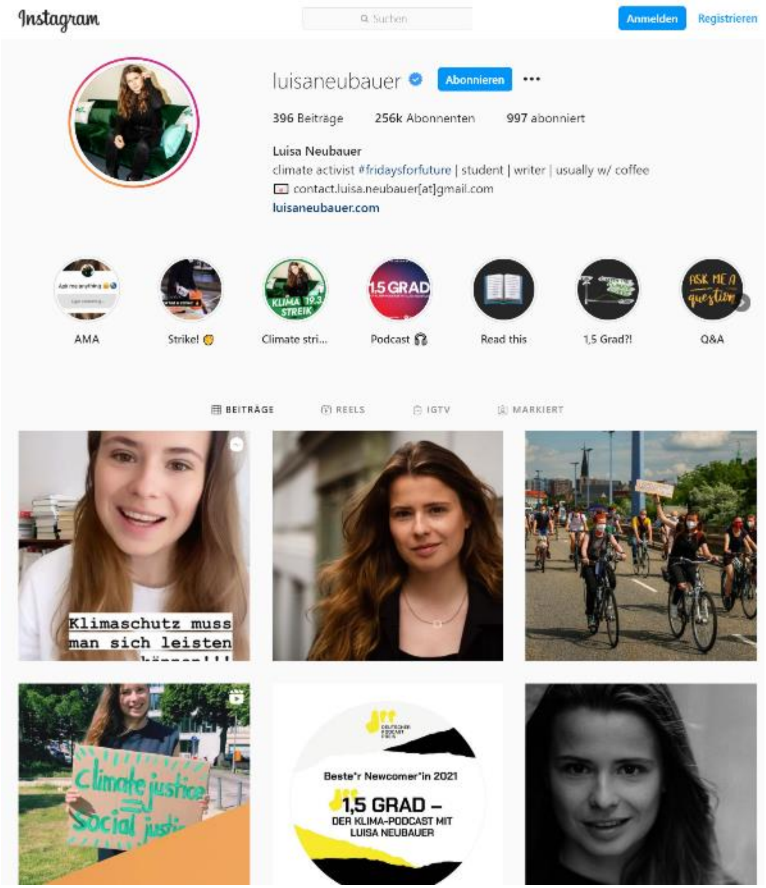
Cynicism about the environment declines; support rises amid a global pandemic

GfK Green Gauge Global classification of consumers
Based on environmental concerns, attitudes and behaviors



Who are the Glamour Green?

“Green is a badge of honor, a status symbol. I’m eager to showcase my eco-friendly behaviors and purchases.”



The Glamour Green account for 1 in 5 EU shoppers

EU-7

Glamour GREEN

18%

- €72bn
- 3.1 bn trips
  - High: Slovakia, Poland
  - Low: Netherlands, Belgium

Glamour Green shopping preferences

Branding, convenience, confirmation and showcasing important for glamour greens

Glamour Green index versus average shoppers, top 2 box

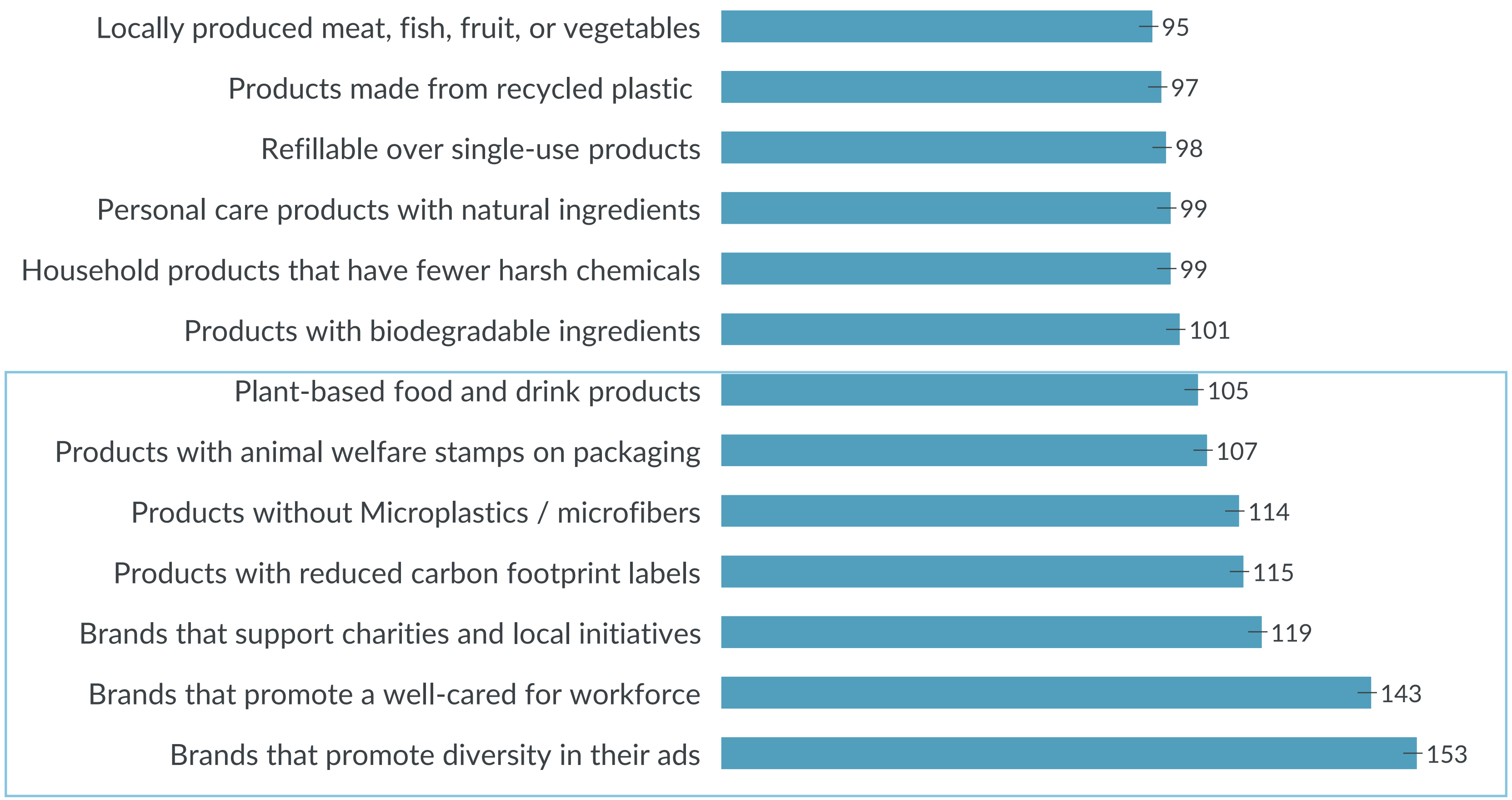
TM

I like to buy things that nobody else has	I often have newly launched products faster than others	Branded products are better than no-name products	Once I've chosen a brand, I usually stay loyal to it
147	**142**	**139**	**98**
I'm always under time pressure when I do my shopping	I'm willing to pay more, if it saves me time	I can hardly imagine cooking without convenience products	I often order take-away
141	**129**	**132**	**165**
Before buying something, I always check the prices	When shopping, I pay attention to quality seals	I pay attention to the nutritional information on the packaging	I pay attention to sustainability seals
100	**114**	**107**	**121**

Product choices

Glamour Greens focus reducing carbon footprint & social responsibility

Index vs. Average



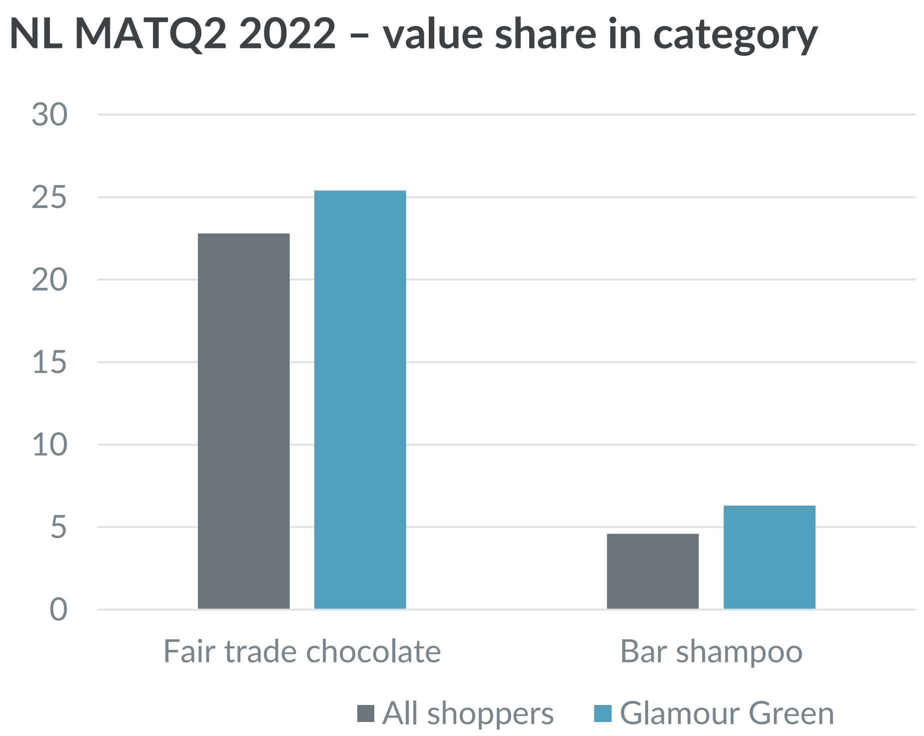
Glamour Greens
Highest incidence of veganism 7%
Highest incidence of vegetarianism 10%

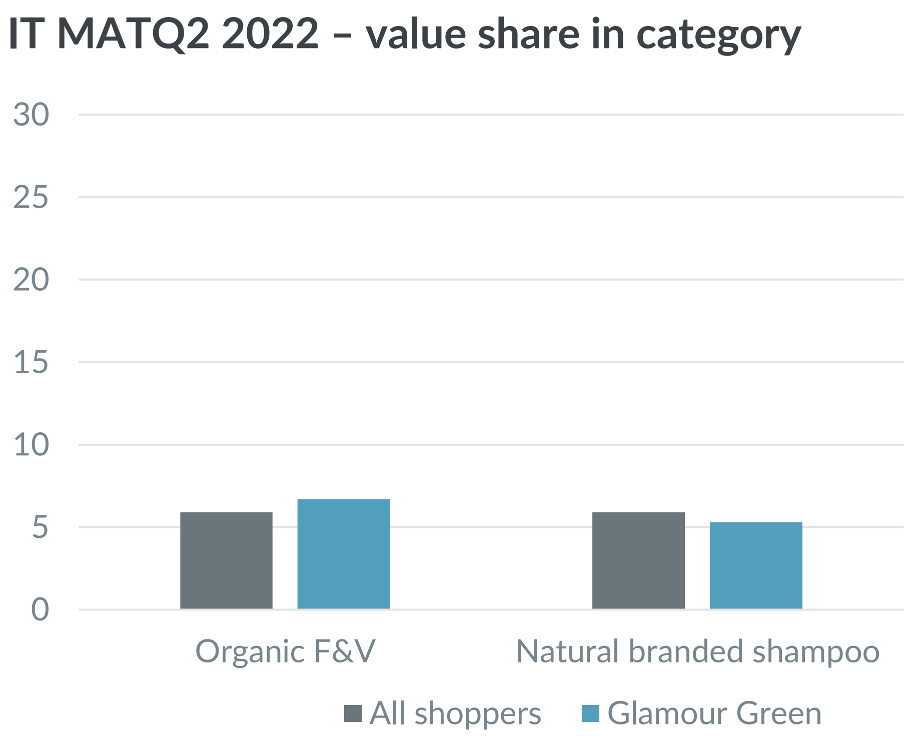
Glamour Greens do
Avoid *buying* plastic, eg. in personal care

Glamour Greens don't
Go out of their way and sacrifice convenience

Glamour Greens particular in their shopping habits

Not ´allround green´ in behaviors nor buying





05

Three drivers of transformation

Take-away: three strands of transformation

Transactions & Communication

01 Doing, goes without saying

- Increased eco-feedback, rewards for loyalty
- Eco-perfection, reiterate allround product performance
- Packaging is still the key differentiator
- Transformational communication and empowerment

02 Shifting behaviors: saving money while being green in the slipstream

- (Food) waste: portioning, expiration dates, optimal usage & storage
- Preparation / cleaning that requires less energy, less equipment
- Single price offs over multibuys
- Brand investment to reassert added value for money

03 Going without? Not me. And-and mindset

- Packaging & ads showing off "goodness" for you & planet
- You're worth it & facilitate guilt-free cheating
- "Econvenience & fastgood": green made easy, easy made green

06

How GfK can help

GfK sustainability insights

Sustainability past, present, future: which consumers and markets to target with sustainability products and messaging

Sustainability as a lifestyle choice: how does it affect consumers in a wide variety of product areas?

Sustainability and product choice: how does it affect shopping decisions in key industries?

50

FMCG reports available now!

- GfK's proprietary holistic segmentation around sustainability
- More than a decade of trended information
- Shopper Edition 2022: First time measured on GfK's Consumer Panel
- Eight European markets, global benchmark and history
- Five sustainability segments
- Attitudes and purchasing behavior, FMCG + your category and brand(s)

- Specific segmentation regarding actions and plastic avoidance
- 2022: Fourth edition
- Global footprint in > 25 countries together with Europanel and Kantar
- Three eco-segments
- Attitudes and purchasing behavior, FMCG + your category and brand(s)

→ **Bespoke options:** tracking, campaign evaluation, customized segments and workshops

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Thank you

Keep exploring at:
www.gfk-cps.com/sustainability