



WERNER & MERTZ GROUP



*Aerial view of the
Rhine near Mainz*

Progress Report of the Werner & Mertz Group - 2011 /2012 on the Leadership Declaration of ‚Biodi- versity in Good Company‘

Leadership Declaration

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Leadership Declaration

All signatory companies acknowledge and support the three objectives of the international “Convention on Biological Diversity”:

1. Conservation of biological diversity
 2. Sustained use of its components
 3. Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources.
- and commit themselves to:

1. Analysing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental management system;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report;
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.



Introduction



Credibility is essential for the success of an ecologically-oriented and socially responsible company. The public has a very fine sense for the authentic endeavours of a company. People are particularly sensitive if they cannot evaluate a company's performance commitments directly, for example in terms of environmental protection or conservation of biological diversity.

For many years, we at Werner & Mertz have taken clear corporate decisions for the protection of our environment and resources.

Accordingly, our company's commitment to the conservation of biodiversity is consistent and it is logical to do this together with other companies. Hence, Werner & Mertz is a founding member of the company initiative 'Biodiversity in Good Company' and plays an active role as a member of the Board.

This report outlines how we achieve our self-set objectives in our commitment to the conservation of biodiversity.

From Environmental to Sustainability Management



In 2002, we at Werner & Mertz implemented our Environmental Management System certified according to EMAS: Five years later, it was extended to a Sustainability Management System. Under the motto „Our commitment to sustainability“, ecological impacts and economic foresight are equally considered as social aspects. This way, all corporate activities are subject to comprehensive evaluation and assessment.

Biodiversity is an important element of the ecological pillar as well as resource and climate protection that have a long tradition at Werner & Mertz. These elements are interdependent, as biodiversity must be carefully

considered wherever raw materials are extracted. The climate change in turn changes the species composition of plant and animal communities and thus affects the biological diversity.

Therefore, we at Werner & Mertz are committed to the conservation of biodiversity, e.g. indirectly by means of resource protection as well as directly by means of specific projects for nature and biotope conservation.





Active for nature since 1986

Many people remember the year 1986 for several reasons: On 26 April, the nuclear GSA of Chernobyl in the Ukraine drastically changed the lives of millions of people in Russia and all over Europe. As a consequence, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety was established on 6 June.

It is time for environmental protection and many people feel the need to be actively involved. Werner & Mertz supports this development with the introduction of the Frosch brand. In 1986, this successful product line with environmentally-friendly household cleaners is launched – and this brand is exactly what our company is about.

Frosch and its active ingredients are environmentally relevant in two senses: The formulation implements natural agents (some of which have been known for a long time) thus paving the way for natural essences for modern cleaning and care performance. Frosch also reduces environmental impact by means of biodegradable surfactants, avoidance of harmful ingredients and packaging material consisting of at least 65% recycled material.

Since 1986, the company's development towards sustainable management is characterised by various **milestones in environmental protection**.

- 1995 Relocation of a business partner for production-related manufacturing of packaging on the Werner & Mertz factory premises. As a result, some 1,500 truck trips are no longer necessary every year, meaning a reduction of 900,000 truck travel kilometres. This avoids the emission of about 570 t CO₂/year and saves 220,000 litres of diesel fuel.
- 2001 Participation in the city of Mainz project Ökoprofit, marking the starting point for regular awards as one of Mainz ÖKOPROFIT companies.
- 2002 Introduction of an Environmental Management System with the objective of certifying Werner & Mertz GmbH according to DIN EN ISO 14001 and EMAS in Mainz. Development of an energy management system in Mainz.
- 2003 Publication of the first Environmental Statement of Werner & Mertz GmbH for Mainz.





- 2004 Introduction of an environmental management system for the three Werner & Mertz companies in Hallein and successful certification audit according to EMAS and DIN EN ISO 14001.
- 2005 Introduction of sustainability policies and participation in the A.I.S.E. Charter for Sustainable Cleaning of the European Detergents Industry.
- 2007 Management orders further development of the Environmental Management System into a sustainable system for the Werner & Mertz group, including the Hallein location.
- 2008 Publication of the first Werner & Mertz Group Sustainability Report.
- 2009 Werner & Mertz receives the German Sustainability Award for the umbrella brand Frosch.
- 2010 The new Werner & Mertz headquarters receives the Environmental Award of Rhineland-Palatinate. It is the first office building in Germany that generates more than the building's total energy needs for heating and cooling by means of wind turbines and a combined photovoltaic and geothermal system. In September 2012, the new headquarters building receives the LEED Certificate "Platinum", i.e. the highest international award for sustainable construction.
- 2011 **Mainz:** Werner & Mertz develops corporate evaluation systems to further enhance sustainability of individual components.
All production and warehouse buildings are now heated with district heating and high-speed generators were introduced for the production of process steam. As compared to 2004, CO₂ emissions were reduced by some 1,000 t per year.
Since 2011, waste water and deionised water for chemical production are treated separately in the new water centre. The existing ion exchange plant, which required approx. 100 tons of hydrochloric acid and about 35 t of sodium hydroxide per year, was replaced by an eco-friendly reverse osmosis system.
Hallein: A filling line for „Frosch-Oase“ is equipped with an energy-optimised LED system linked to the filling line adjusting to daylight conditions.
Since December 2011, all Frosch PET bottles consist of at least 65% recyclate. Thus, savings of approx. 200 t „New PET“ are achieved in Hallein every year.
- 2012 The new headquarters building receives the LEED Certificate "Platinum". Werner & Mertz starts the Frosch Initiative: The first activity is the Recyclate Initiative followed by the research project "Surfactants Based on European Plants."
- 2013 ISO 50.001 certification of Energy Management System in Mainz and Hallein.





1. Impact of corporate activities

Companies committed to the protection of biodiversity and biosphere should also consider the impacts of their own business activities. Improvements can only be achieved after thorough analyses have been performed.



EMAS - sophisticated Environmental Management since 2002

With the introduction of the Environmental Management System according to DIN EN ISO 14001 and EMAS in Mainz in 2002 and in Hallein in 2004, respectively, these foundations were laid. EMAS is considered the most demanding environmental management system currently on the market. It involves a regular evaluation and certification by an independent expert.

EMAS III comprises the evaluation of six core criteria: Energy efficiency, material efficiency, water, waste, biological diversity, and emissions. For ten years we have published the results in our Environmental Statements for both locations in Germany and Austria.

Multiple series of analyses over several years provide accurate information on our achievements and future fields of activity for resource protection. Thus, EMAS both serves as acknowledgement and motivation for us.

Note: The Environmental Statements for Werner & Mertz locations at Mainz and Hallein are an integral part of our Sustainability Report 2013 (see www.werner-mertz.de).

Detailed analysis of raw materials, formulations, and packaging components

While EMAS analyses the impact of production and our business activities, the focus of our corporate evaluation systems is rather on the products. At Werner & Mertz, we carefully analyse raw materials and formulations used for our products regarding their origin (preferably from regenerative sources), their properties in the application phase (minimization of hazard potential) and their fate after application (degradability).

Our assessment system comprises both ingredients and packaging of a cleaner. We use a coherent point system to assess raw materials and formulations (mixtures of raw materials) in detail. Ecological, eco-toxicological and toxicological criteria of the individual substances and formulations are equally evaluated.

Based on the total score, we classify our raw materials and mixtures (formulations) as “good”, “satisfactory”, or “adequate.” Our goal is to gradually replace ingredients that are below this (eco-) toxicological quality level with better and more sustainable alternatives.

This raw material and formulation assessment system was applied to the entire product range. A similar assessment system was implemented for packaging components.





These assessment systems are dynamic and can be constantly adjusted, refined, and optimised. In a further step, our assessment system for raw materials and formulations will be examined against objective criteria comparing it to the Cradle to Cradle® principle and evaluation system developed by the Environmental Protection Encouragement Agency (EPEA).

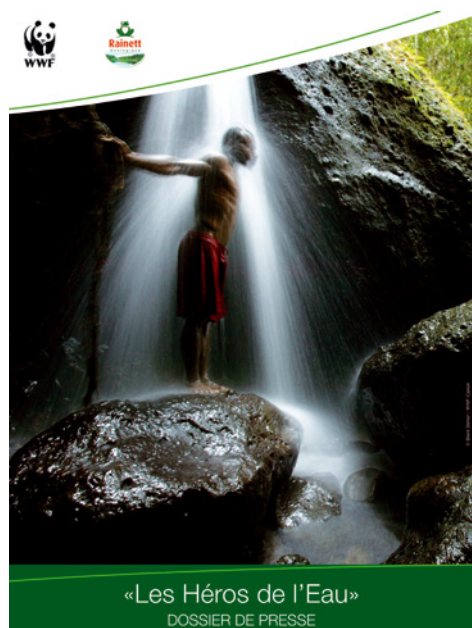
The comprehensive evaluation of origin, use, and degradability also comprises biological diversity. If mainly regenerative sources are preferred and crude oil based raw material are increasingly avoided, this also impacts the differentiated evaluation of renewable raw materials. Although it is a renewable raw material, Werner & Mertz refuses to produce bioplastics. We at Werner & Mertz are convinced that using and further optimising recycling potentials for plastics is the better alternative for the conservation of biological diversity. Therefore, we started an initiative for PET-recycling (see Outlook).

Moreover, we see a chance in using local renewable raw materials instead of importing tropical raw materials. In 2011/2012, Werner & Mertz therefore initiated a project for surfactants based on European vegetable oil. Our goal is to gradually replace surfactants made of palm kernel oil. We will publish the progress of this visionary project and initial customer reactions (see Outlook).

Conclusion: EMAS and our corporate evaluation systems significantly contribute to the saving and protection of resources which is essential for the conservation of biological diversity providing both economic and ecological advantages.

The protection of resources, reduction of emissions, and promotion of recycling directly contribute to improve the framework conditions for biological diversity. For many years, Werner & Mertz has been supporting various nature protection projects in cooperation with the two environmental and nature conservation organisations NABU and WWF.

In these projects, we mainly focus on the conservation or revitalisation of rivers and riverscapes, i.e. on the Rhine, March-Thaya-water meadows in Austria as well as on rivers in France and Spain.





Frosch protects frogs in Germany

For more than 100 years, the frog has been our company logo. And water is the frog's elixir of life. During the last 13 years, Werner & Mertz has thus supported the „Frosch protects frogs“ project in cooperation with NABU in Rhineland-Palatinate. In the Rhine-Main metropolitan area environmental protection is associated with many difficulties. Many applications are concentrated in a very small space on the floodplains of the Rhine. This is where the NABU develops concepts and projects for the coexistence of man and nature. One important goal is the reintroduction of the tree frog to the floodplains of the Rhine between Mainz and Bingen. For - where frogs croak, the environment is intact.



New alluvial forest for species and climate protection

Alluvial forests in floodplains have among the widest variety of plants and animals in Germany. The flooding of adjacent rivers frequently changes the living conditions both in terms of time and space with trees profiting just as much as bushes and other plants. The plant diversity lays the foundation for an exceptionally varied fauna.

However, these precious valuable resources are seriously endangered all over Europe. It is, therefore, a positive sign that NABU has launched an initiative for a new alluvial forest in the floodplains of the Rhine near Ingelheim. Newly planted oaks, ashes, willow trees and spindle trees make up the “germ cell” for the woods on the riverbanks.

As it slows down the flow of the river, the new alluvial forest takes over two important functions, i.e. species conservation and flood protection. Moreover, the rapidly growing fauna is a local contribution for climate protection, as it extracts and binds carbon dioxide (CO₂). Werner & Mertz also supports this project within the scope of „Frosch protects frogs“.





Wetland protection at Mürmes

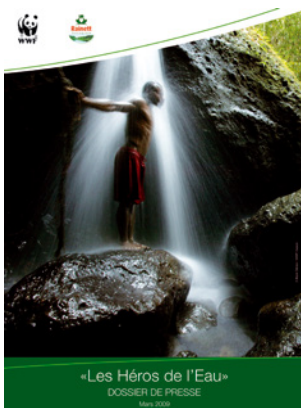
NABU's wetland renaturation project takes care of species and climate protection on the Mürmes in the Eifel. Werner & Mertz provides financial support for this project as a compensation for the company's CO₂ emissions. Although we use regenerative energy sources for our new headquarters and our production site in Hallein, our activities still emit CO₂ thus affecting the environment.

The original water level of the Mürmes is restored, unwanted bushes cut down and the original wetland reshaped. They reduce CO₂ emissions substantially and provide a habitat for many rare animals and plants. Thus, the cooperation between Werner & Mertz and the NABU in Rhineland-Palatinate provides a dual benefit.



Frosch protects frogs in Austria

Werner & Mertz Austria cares about the March-Thaya water meadows. Together with the WWF, we are conserving this endangered oasis of animal diversity. These water meadows are the largest undivided riverscape in the heart of Central Europe and an oasis of biological diversity: 300 bird species find concealed breeding areas and rich feeding grounds here. Because ponds and old river arms are becoming increasingly dry, the amphibians there, such as the moor frog, fire-bellied toad, and Danube crested newt, are threatened.



The Water Kings - Cooperation with the WWF in France

Together with the WWF, our brand Rainett promotes the conservation of rivers in France. Committed conservationists are just as active at the rivers of the Bretagne as at the „Largue“ (Haut-Rhin). They have one thing in common, i.e. their outstanding commitment to preserving the natural waters and beauty of rivers in France.

Conclusion: Werner & Mertz uses various approaches to the protection, conservation and promotion of biological diversity: Indirectly by means of various activities for resource and climate protection, and directly by means of co-operation with environmental associations in several nature and biotope conservation projects.





2. Implementation of Environmental Management System

In 2007, Werner & Mertz' management ordered further development of the Environmental Management System into a sustainability management system for locations at Mainz and Hallein. Thus, the corporate focus was expanded to include social responsibility and economic foresight in addition to ecological objectives. Today, Sustainability Management is

involved in all relevant investment decisions of the company.

Our department Corporate Communication is also part of the Sustainability Team. This ensures a good flow of information within and outside the company. We also communicate specific nature protection projects for the conservation of biological diversity.

3. Responsible employee

The Head of Sustainability Management regularly reports to the General Management of Werner & Mertz. The CEO of the family business Werner & Mertz, Reinhard Schneider, also has a large personal interest in sustainability activities. He was also responsible for the initiation of the Frosch and recycle initiatives (see below).

Moreover, Sustainability Management and Corporate Communication support and communicate feedback and activities of employees (e. g. internal evaluation systems, see 1.).

Conclusion: Conservation of the biological diversity is one aspect of the sustainability activities at Werner & Mertz and an integral part of our Sustainability Management.

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4. Measurable objectives

According to our sustainability approach, our environmental programmes include quantifiable objectives for resource protection. For the location Mainz these include:

Environmental Programme (excerpt)

Reduction of rinse water	Construction of an automatic mulch station (pilot plant) in Building H22 for more efficient cleaning of piping system	Engineering	Oct. 2012 - implemented in time
Reduction of energy needs for stacking cranes by 3%	Switch off of lighting on the stacking cranes in the high rack warehouse during automatic operation	Plant Management Werner & Mertz	Dec. 2012 - implemented in time
Improvements to equipment technology, reduction of cleaning cycle and improvement to equipment cleaning options	Replacement of production equipment for liquid detergent, including the replacement of the buffer tank and modernization of the electrical steering	Production	June 2013 - being implemented
Recycling of PET waste collected from consumers by means of the yellow bag (recycling sack for plastics and packaging)	Promoted use of a new sorting technology with which single-variety, colourless PET can be recovered from the yellow bag for the production of new PET bottles with a recycle share of almost 100%. „Frosch Recyclate Initiative“	Erdal-Rex and Packaging Development	June 2013 - Field experiments started with two disposal companies
Increase flexibility and reduce storage of bottles	UConversion of printed tana round bottles (approx. two million pieces per year) to modular bottles with a label that can be designed in Global Label Management (GLM)	Marketing tana-Chemie and Production	Dec. 2013 - in progress
25% reduction of energy needs for lighting	Replacement of lighting in Logistics Centres 1 and 2 with modern fluorescent lamps or LEDs	Plant Management Werner & Mertz Service & Logistics	Dec. 2013 - being implemented
Elimination of CO ₂ emissions by means of electricity generation	Conversion of power supply to eco-electricity for the entire location Mainz	Facility Management	Jan. 2014 - contract signed

Excerpt from the current Environmental Programme The Werner & Mertz Sustainability Report 2013 contains the entire Programme (also for the location Hallein): www.werner-mertz.de.

Development objectives nature protection projects

Nature protection projects in which Werner & Mertz participates as a partner pursue individual nature conservation development goals. Instead of exercising influence on them, we rely on the know-how of our co-operation partners. This division of tasks has proven successful for many years and is very beneficial for our contribution to the conservation of local biodiversity.





5. Publication in the Sustainability Report

Since 2008, we regularly publish the results of the EMAS certification in our Environmental Statements providing the central element of our Sustainability Reports. The current Report (2013) shows the development of the individual parameters of the EMAS key indicators from 2008 to 2011. Moreover, it contains information about the corporate evaluation systems and our nature conservation co-operation projects as one aspect of Werner & Mertz' sustainability activities. Conclusion: Do well and talk about it! A smooth integration of a sustainable lifestyle into the everyday life of companies and consumers has been Werner & Mertz' claim for many years.

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6. Involvement of suppliers

Sustainability reaches beyond Werner & Mertz' factory gates. Our purchasing guidelines consider environmental, occupational and health protection aspects comprising:

- Equipment and machines
- Office equipment, furniture, and consumables
- Supplies and equipment

We send out a clear signal to our suppliers for sustainability. In addition, we perform regular supplier surveys or ask about their environmental and sustainability management and activities for the conservation of biological diversity.

We achieved a significant environmental improvements with the establishment of a relationship with a business partner for production-related manufacturing of packaging on the Werner & Mertz' factory premises in 1995. As a result, some 1,500 truck trips are no longer necessary every year, meaning a reduction of 900,000 truck travel kilometres. This avoids the emission of about 570 t CO₂ / year and saves 220,000 litres of diesel fuel. Due to our successful participation in the ÖKOPROFIT project of the city of Mainz we were able to convince the supplier to also participate. By means of compressed air recycling the company intends to reduce energy needs, i.e. approximately 50 tons CO₂ every year.

Conclusion: Werner & Mertz also has an eye on suppliers regarding resource protection which is an essential prerequisite for biodiversity.

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7. Co-operations

In terms of sustainability, Werner & Mertz co-operates with various organisations and associations. The cooperation between Werner & Mertz and NABU and WWF was discussed in Point 1.



ÖKOPROFIT Mainz

For more than 11 years, we have been involved in the ÖKOPROFIT project initiated by the City of Mainz in cooperation with the Rhein-Hesse Chamber of Commerce and Industry and the Chamber of Trades and others.



A.I.S.E.

Since 2005, Werner & Mertz has been involved in the A.I.S.E. Charter for Sustainable Cleaning of the European Detergents Industry. Participating companies commit themselves to applying sustainability processes in their procurement, production, and use of products and report sustainability factors in an annual report to A.I.S. E.



Bundesdeutscher Arbeitskreis für Umweltbewusstes Management (B.A.U.M.)

The German Environmental Management Association B.A.U.M. commits itself to integrated environmental and sustainable management in the company. Together with the other B.A.U.M. members, Werner & Mertz is committed to distributing integrated systems for sustainable management.

Conclusion: In order to spread the idea of corporate environmental and sustainability management, we have employed for many years now, we use various partnerships and co-operations as well as regular exchange of ideas in the 'Biodiversity in Good Company' Initiative.



Outlook



Frosch Initiative

According to our comprehensive sustainability approach of our company, Werner & Mertz started the Frosch Initiative in 2012; an initiative that paves the way for trendsetting and sustainable solutions and provides the industry with new impulses for the protection of environment and resources. The name of the initiative is based on our successful brand Frosch.

The Frosch Initiative focusses on individual key activities. The first is the Recyclate Initiative for a high-quality recycling of PET plastic waste. This Recyclate Initiative contributes to resource protection (petroleum) and climate protection and has an indirect positive impact on the protection of biodiversity. More details: <http://recyclat-initiative.frosch.de/nc/home.html>

The second key activity of the Frosch Initiative that has a direct impact on biodiversity: Surfactants on the basis of European vegetable oil.



Surfactants on the basis of European vegetable oil

Surfactants are wash-active substances used primarily for detergents and cleaners. They dissolve grease and other non-water-soluble substances in water so that they can be rinsed out.

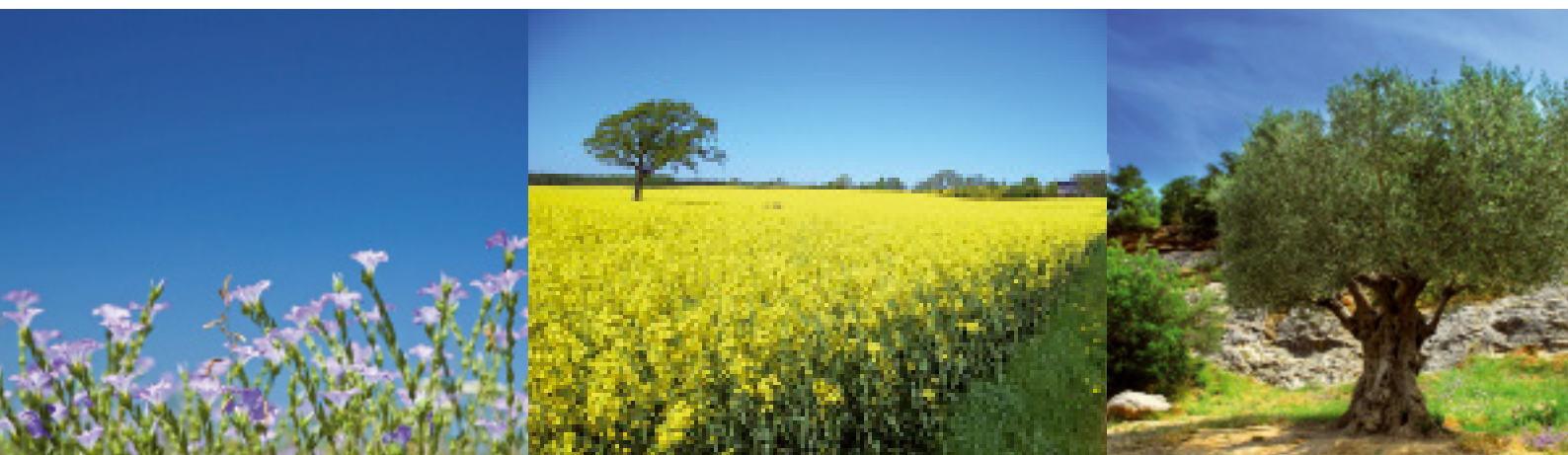
Companies that avoid using petrochemical surfactants, as Werner & Mertz does with its Frosch and green-care products, still have to use palm kernel or coconut oil. As a member of RSPO (Roundtable

on Sustainable Palm Oil), we are aware of the controversy surrounding tropical vegetable oils. Therefore, our product development takes parts in an ambitious research project on the feasibility of using surfactants made from European plants for our products.

The composition of local (European) vegetable oils differs considerably from that of palm kernel or coconut oil. In the food sector, European oil is a good substitute for tropical oils. However, using surfactants for the production of detergents from local vegetable oils in the same way as palm kernel or coconut oil, would result in significantly altered properties of the final products. These detergents and cleaners would be more expensive and their application and cleaning behaviour differ significantly from the current habits and expectations of consumers.

Nevertheless, Werner & Mertz, together with competent partners, is pursuing the ambitious goal of developing appropriate, new surfactants based on local vegetable oils for detergents and cleaners while maintaining their established properties. Initial formulations for Frosch products with plant-based surfactants made from European rapeseed, olive and flax oil have been developed and will soon be launched.





Local cultivation preferred

Werner & Mertz products contain many other ingredients of plant origin besides surfactants. Here, we also prefer using vegetable substances from local production purchased from European partners. Using surfactants from plants cultivated in Europe presents several advantages:

- Avoidance of tropical cultivation and associated risks, e.g. destruction of rainforest and competition with food production
- No monocultures
- Short transport distances
- Use of rapidly renewable raw materials based on European vegetable oils
- Promotion of traditional cultivation
- No dependence on surfactants from tropical cultivation
- Preservation and promotion of biodiversity

Werner & Mertz uses various European oil plants, like rapeseed, linseed or olives, and places a lot of value on using industrially utilizable oils or oil qualities, e.g. third pressings to avoid any competing use of these oils to those that can be used as food.

Biodiversity and renewable raw materials

Surfactants and other ingredients from European cultivation offer substantial ecological benefits. Here again, Werner & Mertz pays attention to the conservation of biodiversity together with NABU. Werner & Mertz and other companies that rely on renewable raw materials have to face this challenge. The 'Biodiversity in Good Company' Initiative provides a dedicated discussion platform to find solutions for this issue.





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