



MAKE UP THE FUTURE

LEVERS OF CHANGE FOR A
SUSTAINABLE COSMETICS BUSINESS

Quantis

2020

It's time to...

**MAKE UP
THE FUTURE**

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Thank You

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BEAUTYCOUNTER

CHANEL
PARFUMS BEAUTÉ

COTY

**ESTÉE
LAUDER**
COMPANIES

GR
GROUPE ROCHER
reconnect people to nature

L'ORÉAL

FEBEA
FÉDÉRATION DES
ENTREPRISES DE LA BEAUTÉ

Personal Care **Products Council**
Committed to Safety,
Quality & Innovation

Dear cosmetics change-makers,

It's time to make up the future.

Climate change, shifting lifestyles and stakeholder expectations around sustainability will define beauty for the next decade. **Is your beauty business ready?**

The intrinsic link between well-being and environmental health has never been tighter. People expect transparency around the products that are deeply embedded in their daily lives: Where do the products I put in and on my body come from? Are they sustainable? This mindset is transforming the food industry and it's time for beauty to accelerate this shift. Consumers and investors are watching. In this defining decade, beauty and personal care brands will shift from **being perceived as purveyors of products to being champions of positive transformation and transparency.**

Leading with sustainability, transparency and integrity will ensure brands come out on top.

By harnessing its strengths — a strong emphasis on science and expertise in innovation — the beauty and personal care industry can catalyze the transition to a sustainable model and lay the foundation for resilience in a resource-constrained world. As a first step, brands will need to assess whether they are operating within or beyond the boundaries of what the planet can sustain.

That's where Quantis comes into play.

For over a decade, more than 45 cosmetics and personal care brands have chosen Quantis to guide their sustainability journey. We work together to set ambitious goals, deploy strategies, stimulate and monitor progress, and even to foster collaboration with other cosmetics companies and industry players on pre-competitive initiatives.

Our mission to inspire sustainable change motivates us to share our wealth of experience with you.

Make Up the Future, published for Cosmoprof 2020, maps the issues that are on all sustainability leaders' agendas in beauty and personal care to help brands set priorities and focus efforts and resources on the topics that will make a meaningful difference. Beyond naming these priorities, the report identifies opportunities for collaboration across the industry, and proposes a palette of solutions that will empower sustainability managers, corporate decision-makers and their teams to set their businesses up for success and shape a sustainable future for cosmetics.

Let's go further, faster — together — to change the image and impact of beauty.



A handwritten signature in black ink, appearing to read 'D. Caudrelier'.

— **DIMITRI CAUDRELIER**
DIRECTOR OF QUANTIS FRANCE
+ GLOBAL COSMETICS LEAD

Shaping a sustainable future for cosmetics takes action at every level.

INDUSTRY LEVEL

When players across the industry work together, everyone wins. Knowledge sharing and pre-competitive collaboration are key for generating the high-quality data and standardized approaches needed to accelerate sustainable business transformation.

Page 8

CORPORATE LEVEL

Companies can individually push the industry forward by setting themselves up for resilient success with robust metrics, transparency, ambitious science-based targets that go beyond carbon, and strong internal engagement.

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PRODUCT LEVEL

The product is the *raison d'être* of each cosmetic or personal care brand, and is representative of its environmental commitments. To become sustainable businesses, brands must take action through their products, embedding sustainability into each phase of a product's life cycle.

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01 Accelerating Action at Industry Level

TIME TO ORGANIZE FOR RESILIENCE

The beauty and personal care industry is a global economic powerhouse: valued at nearly \$500 billion as of 2018, it is expected to reach \$863 billion by 2024.¹ But what makes the industry truly remarkable is its influence on society. Cosmetics and personal care products have a hand in enhancing public health by promoting good hygiene. Beauty products also play an important role in enhancing overall quality of life by inspiring confidence and boosting well-being. Makeup in particular reflects our changing times. The industry is also a beacon of light in the darkest times: during economic recessions, when consumer spending tends to take a dive, sales of beauty products boom — the so-called Lipstick Effect.²

The question for today's changing times is: **How will the cosmetics industry define itself in the decade ahead?**

The Changing Face of Beauty + Personal Care

Several converging forces promise to profoundly change the face of the industry over the next decade. **Climate change is putting unprecedented pressure on the resources and ecosystem services underpinning supply chains;** it is also changing the landscape and needs of local markets. Meanwhile, a **growing global population with increasing spending power, shifting demographics and lifestyle trends** that emphasize health and well-being creates demand for not only **more** personal care and beauty products than ever before, but also for products

that are transparent, non-toxic, ethical, and optimized for sustainability.

Navigating these new dynamics in an increasingly resource-constrained world will be a challenge for the beauty and personal care industry unless it gets serious about sustainability. The industry is inextricably linked to many others— agri-food, chemicals, materials — and many of the risks they face will ultimately impact cosmetics and personal care. **Acting now to mitigate these risks is critical for brands to stay in the game** and build a resilient future, yet the industry is not yet as advanced on sustainability as some other major FMCG categories, such as food and beverage.

One major problem is that we don't have a complete picture of the full scale or scope of beauty and personal care's environmental impacts. **Quantis' estimates based on existing data place the industry's contribution to global greenhouse gas (GHG) emissions anywhere between 0.5% to 1.5%**, highlighting the need for additional data.

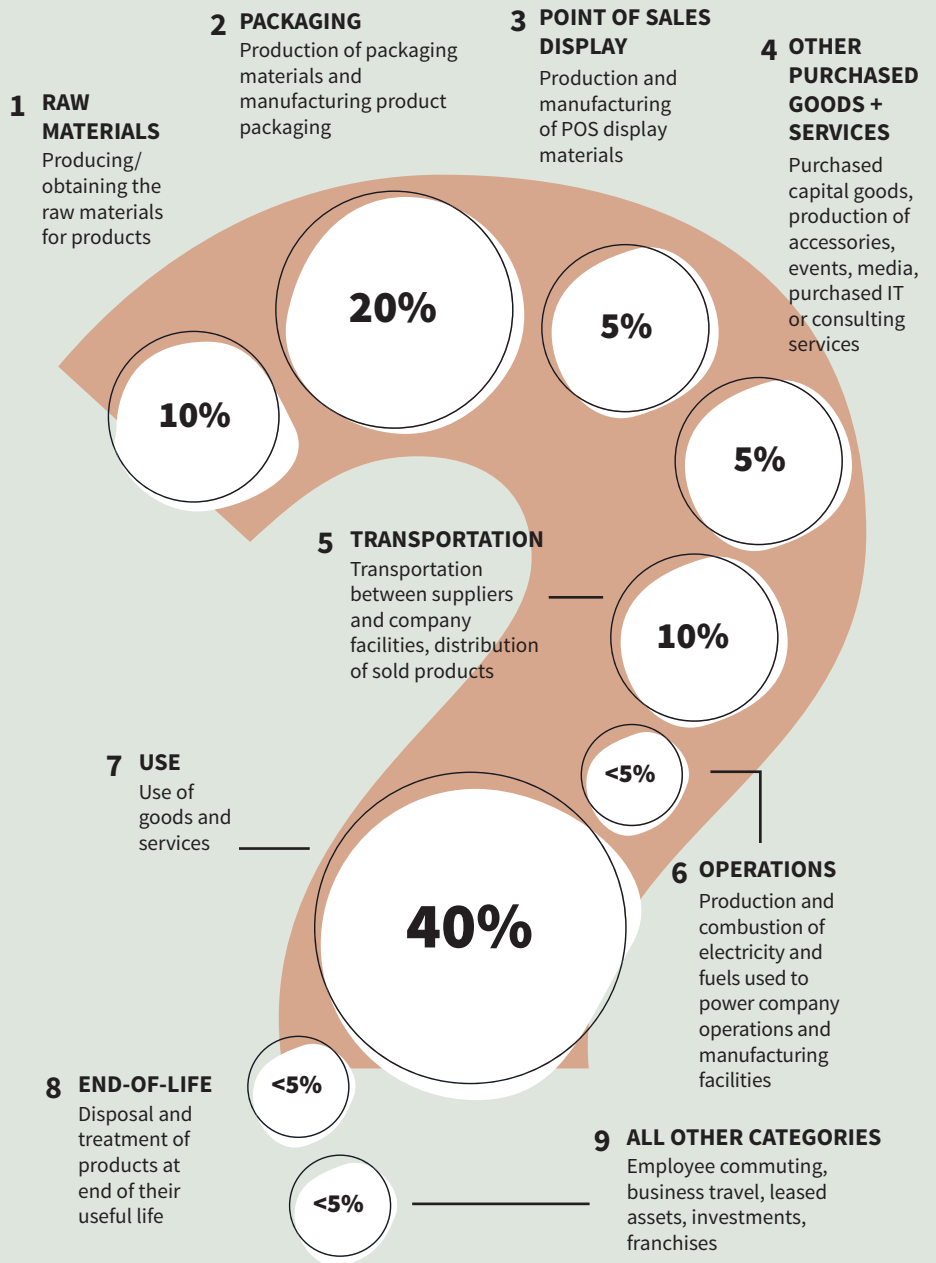
The availability of this data for food and fashion has accelerated meaningful action by helping brands focus efforts and resources where they can have the greatest impact, and identify opportunities for innovation. **What gets measured gets managed.** Cosmetics and personal care stand to benefit in the same way. So, rather than fly under the radar on sustainability until industry inaction starts to grab headlines, cosmetics players can seize this golden opportunity to demonstrate real leadership.

HOW MUCH IMPACT COULD COSMETICS HAVE ON CLIMATE?

(FIG. 1)

Right now, **with the limited pool of data that exists, we can only make assumptions** about the actual environmental performance of beauty and personal care, where hotspots lie and what the potential solutions may be. **Initial, high-level estimates place the industry's contribution to global GHG emissions anywhere between 0.5% to 1.5%*** highlighting the need for additional data to better understand the full scope and scope of its impacts. What is clear from these first estimates, however, are the main areas along the value chain where innovative and science-based solutions can lead to significant impact reduction.

To ensure efforts to shape a sustainable future align with what is needed to limit global average temperature rise to 1.5 °C and prevent the worst-case scenario of climate change, cosmetics players will need to join forces to **generate more, high-quality, consistent and representative data** covering the full value chain.



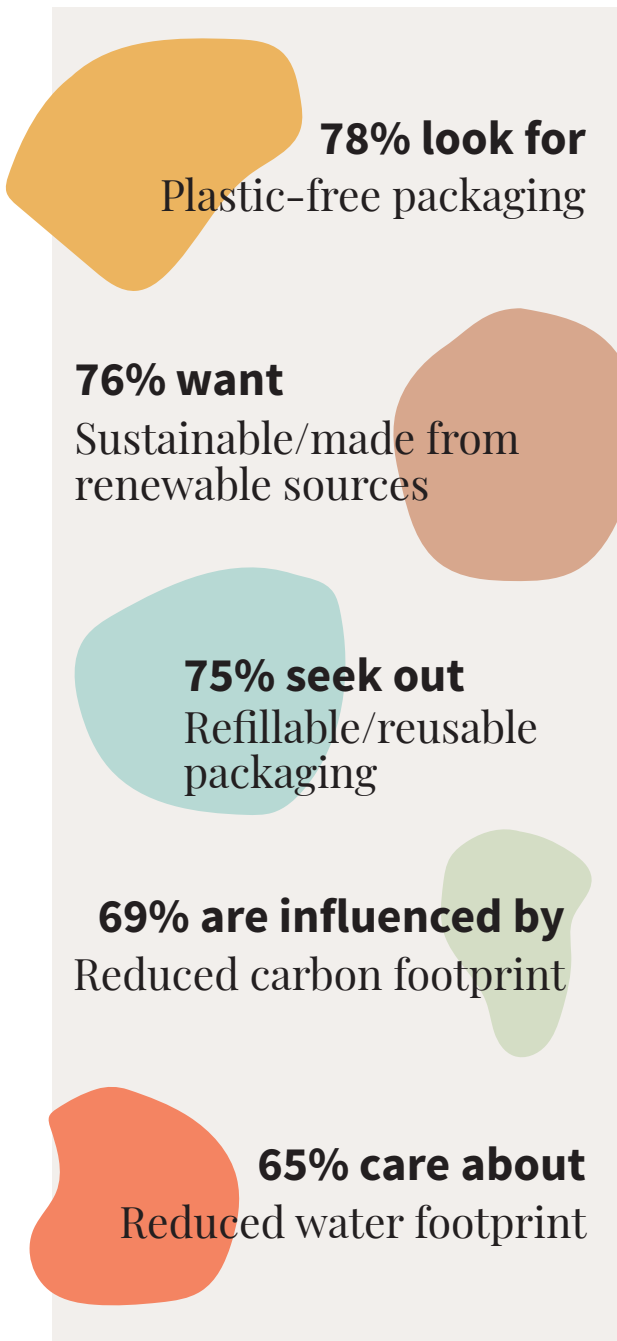
0.5-1.5%
ESTIMATED % OF GLOBAL GHG EMISSIONS FROM THE COSMETICS AND PERSONAL CARE INDUSTRY*

It's time for brands to join forces + generate the data needed to accelerate meaningful change.

*Estimates extrapolated by Quantis is based on data from a limited number of companies. This wide-range estimate is provided as a call to action for better data to understand cosmetics' impact on climate. Updated October 2020.

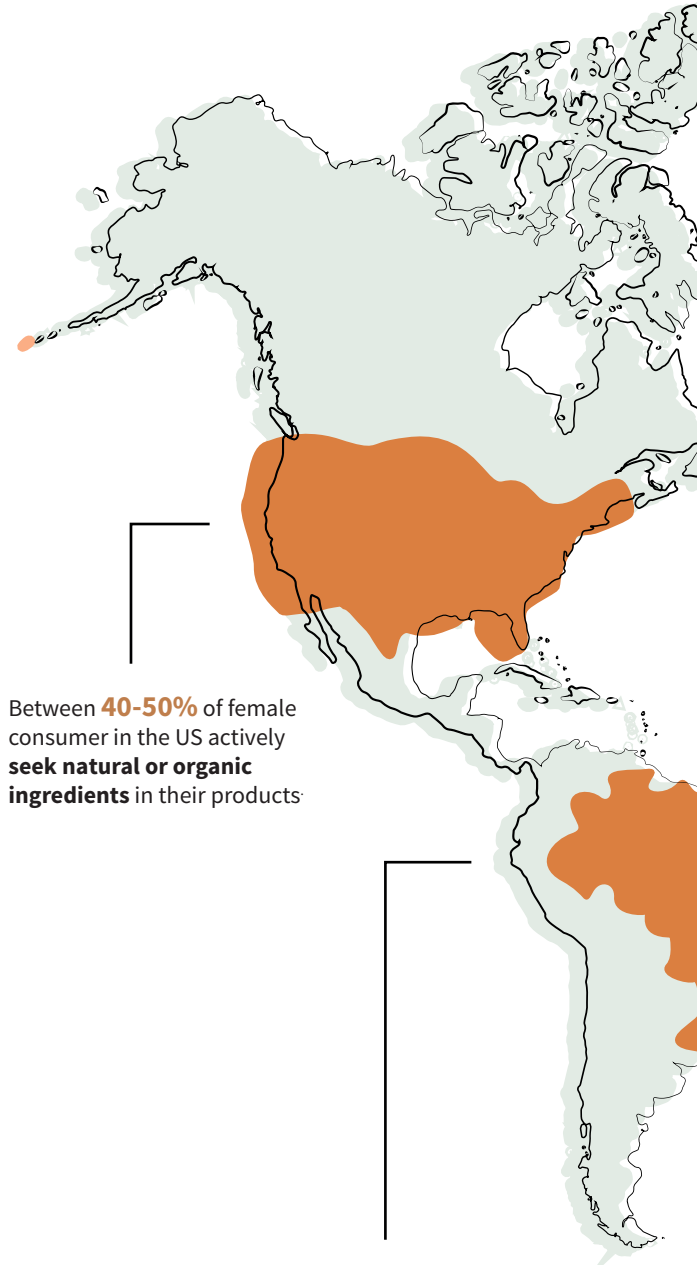
TOP INFLUENCES ON TODAY'S GLOBAL CONSUMERS AND THEIR CHOICES (FIG. 2)

Share of global consumers who look for, and are influenced by, the following claims when buying cosmetics and personal care products.³



MAPPING MARKET PREFERENCES + PURCHASING HABITS (FIG. 3)

As sustainability and self-care become ever more enmeshed in everyday life, an increasing share of global consumers will scrutinize their beauty routines.^{4,5}



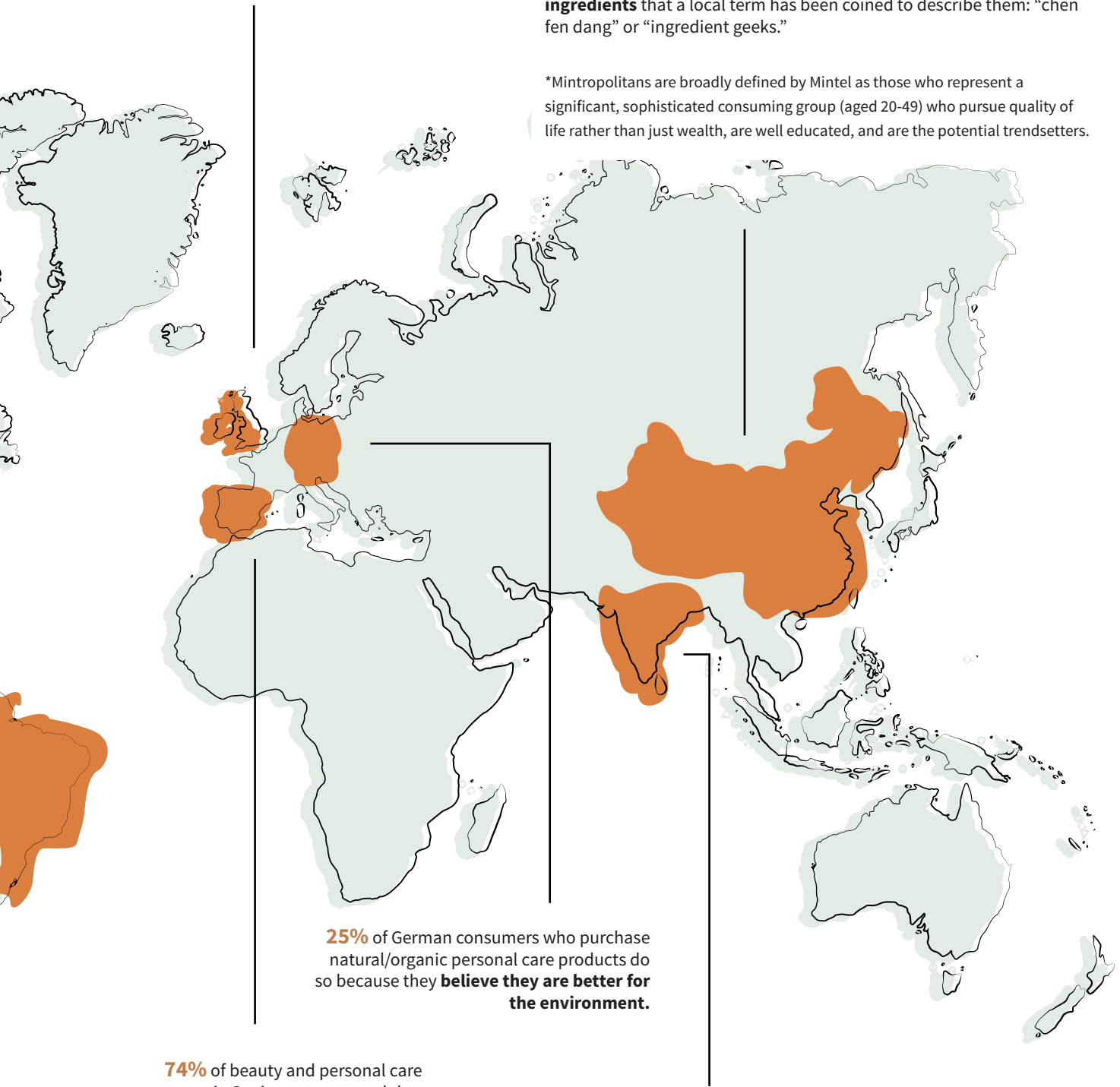
54% of Brazilians who are potential buyers of green/ethical products say they purchase sustainable/environmentally friendly goods because they don't like to waste.

54% of UK beauty and personal care consumers **research products online before they buy** them.

58% of Chinese Mintropolitans* agree they are **willing to pay more for ethical brands**.

In China, beauty consumers are becoming so **focused on product ingredients** that a local term has been coined to describe them: “chen fen dang” or “ingredient geeks.”

*Mintropolitans are broadly defined by Mintel as those who represent a significant, sophisticated consuming group (aged 20-49) who pursue quality of life rather than just wealth, are well educated, and are the potential trendsetters.



25% of German consumers who purchase natural/organic personal care products do so because they **believe they are better for the environment**.

74% of beauty and personal care consumers in Spain are concerned that the **ingredients used in “natural” products are not sustainable**.

24% of Indian consumers are motivated/would be motivated to live a more “natural” lifestyle to support environmentally conscious businesses.



“

It's not about being the best company in the world, but the best company for the world. In an increasingly urbanized and digitized world, it is essential to return to fundamentals and give back to nature the place it deserves in our society. And it is essential that brands be part of this commitment. Indeed, nature has a positive impact on the well-being of people and therefore on their desire to act for the planet. Our 'raison d'être' and this ambition to reconnect people to nature must therefore be at the heart of all our actions.



— **BRIS ROCHER**
CHAIRMAN AND CEO
GROUPE ROCHER

Three Levers for Industry Action

How to foster industry resilience through collaboration

Shaping a sustainable and resilient future for cosmetics and personal care requires ambitious and collective action at industry level. The diverse set of players across the value chain that make the industry tick — **brands, suppliers, industry trade associations, packaging manufacturers, etc. — must band together.** Through collaboration, knowledge sharing and pooling of resources, the industry can generate the high quality data and standardized approaches needed to catalyze transformation.

01 | ORGANIZE TO BUILD BETTER DATA

Data can be a major catalyst for change, enabling brands to uncover blind spots, prioritize efforts, and identify opportunities for innovation. Right now, we can only make assumptions about the actual environmental performance of the beauty and personal care industry, its value chain (0.5–1.5% of global GHG emissions), its hotspots and the potential solutions. To accelerate change, the industry must overcome four key data challenges:

1. **Calculations are being based on a limited pool of data** and are not representative of the whole industry.
2. **Data collection is inconsistent** — what one brand measures, reports and consolidates may not be considered by another.
3. **Even when data exists, it isn't granular enough.** Thousands ingredients are used in cosmetics; most brands don't have the data to assess the impact of so many ingredients and formulas.
4. **Many companies in the cosmetics and personal care space also operate in other industries.** Often, their footprints are not broken down by department or industry, so allocating a certain percentage of impacts to cosmetics can be a challenge.

Comprehensive, consistent, representative, and granular data: this is what is needed to understand industry impacts and catalyze meaningful action.



Start by collecting data

Effective and meaningful action in beauty and personal care doesn't just require more data; we need better, more comprehensive data. Individually, brands can begin to address this issue by simply starting to collect and consolidate data. Efforts to improve the quality of the data, however, must come from the top. Brands must work together to establish standardized approaches for data collection and footprinting to produce a more accurate and complete picture of the industry's impact.

02 | HARNESS COLLECTIVE INTELLIGENCE TO DRIVE CHANGE

There's power in numbers. **Pre-competitive cooperation is the future of sustainability** in cosmetics — it is essential if the industry hopes to accelerate the universal uptake of sustainable practices. Pooling knowledge, resources and capabilities has its advantages: businesses can create better, more effective solutions to complex shared problems faster, while minimizing the cost of doing so. Including players across the industry, as well as NGOs and scientific institutions, also helps boost credibility of proposed solutions and generate buy-in.

Efforts so far have largely targeted packaging or standardizing product environmental footprinting. Notable industry examples include the **Responsible Beauty Initiative**, focused on sustainable procurement, the **Sustainable**

Packaging Initiative for CosmEtics (SPICE)

co-founded by **Quantis** and **L'Oréal** to improve the environmental performance of the entire packaging value chain (see the case study [page 14](#)), and a study by **Cosmetics Europe**, the association representing the cosmetics industry in the EU, on **product environmental footprint category rules (PEFCR) for shampoo**.

The industry can step up the rate of necessary progress by extending such collective initiatives to other topics, such as ingredients, and to areas traditionally viewed as competitive. It is possible to tackle shared challenges collectively without losing competitive advantage. It's all about finding the sweet spots where collaboration is possible.

Cosmetics players can also **harness their collective power to help their suppliers improve**. Many brands share suppliers and providers, but it can be tough for suppliers to respond to individual clients' environmental specifications, especially when everyone is asking for something different. When brands come together to make a collective decision on what is best for the industry and the environment, suppliers can comply more easily and effectively — and may be more willing to do so.



SPICE: Brands unite to build a sustainable packaging future



co-founded by
L'Oréal and
Quantis

case study

Co-founded by L'Oréal and Quantis, the Sustainable Packaging Initiative for CosmEtics — **SPICE** — is a pre-competitive initiative that brings together global cosmetics brands and organizations across the value chain to **collectively shape the future of sustainable packaging for cosmetics.**

SPICE enables cosmetics brands to leave market competition at the door and gather around a collaborative table to work towards accelerating progress in three key areas: **1) guiding sustainable packaging policy development based on a science-driven methodology; 2) driving packaging innovation with objective ecodesign criteria; and 3) providing consumers transparency on packaging environmental performance.**

Packaging is a visible reminder of products' environmental impact. This makes it easier to use as a **key lever of change**, and cosmetics industry actors are making it an integral part of their sustainability strategies. Nevertheless, companies face considerable challenges when measuring, tracking progress and communicating on the environmental footprint of their packaging, and this inhibits robust decision-making on how to design and produce more sustainable packaging options. SPICE was established to create the methodologies and tools to overcome these shared challenges, including a comprehensive and scientific **footprinting methodology**, an **ecodesign tool** to guide decision-making in packaging design, an **environmental claims guidance** for credible consumer communications and a **recyclability methodology**.

The collaborative and transparent approach at the heart of SPICE is what fuels progress. Collective intelligence and pooled resources encourage efficiency, foster innovation and enable the whole cosmetics industry to move forward as one.

“

The beauty and personal care industry recognizes the well-being of people is heavily tied to the well-being of our planet and is steadfast in its commitment to ethical and transparent practices as well as to the responsible management of its environmental impacts. While the efforts individual companies are making to transform their businesses are significant, companies large and small still have more to do. Working pre-competitively as a sector, with shared ambitions, challenges and enhanced scale, and with like-minded organizations, we can accelerate sustainable change. The Personal Care Products Council’s sustainability work is focused on building member company capabilities, sharing best practices, educating and engaging with key stakeholders, and expanding the communications narrative to inform and inspire so the industry can go further, faster.



— **LISA POWERS**
EVP, PUBLIC AFFAIRS &
COMMUNICATIONS
PCPC

The Personal Care Products Council (PCPC) is the leading trade association representing cosmetics and personal care product companies and serving as the voice for the \$488 billion global industry on scientific, legal, regulatory, legislative and international issues. PCPC engages and collaborates with companies to advance industry sustainability performance to create a more beautiful and sustainable world for all.

03 | USE THE POWER OF MARKETING TO REDEFINE NORMS

From star-studded ads to makeup and skincare tutorials on social media, the industry’s influence is far-reaching, penetrating a wide range of age brackets and socio-economic classes. Marketing is one of cosmetics’ greatest strengths. The industry can harness this superpower to advance sustainable transformation by using it to redefine what is considered relevant and cool. Looking ahead, brands need to emphasize that taking care of the planet is intrinsically linked to taking care of yourself and others. Putting the message front and center can help make this important connection and shift consumer behavior to support brands’ intensified sustainability efforts.



02 **Accelerating Action at Corporate Level**

SUSTAINABILITY: BUSINESS'S NEW LICENSE TO OPERATE

Collective action is critical for tackling pressing industry challenges and impacts. However, **meaningful sustainable transformation starts within.** Cosmetics and personal care brands must examine their own practices and take the initiative to understand and reduce their own impacts. Companies can individually push the industry forward by first setting themselves up for resilient success. To become truly sustainable businesses, beauty and personal care companies must understand their hotspots, set bold science-based targets, ensure their sustainability strategies are embedded across the business, and track and report on progress.

Harness Beauty's Scientific Superpowers to Prioritize + Drive Innovation

To achieve the level of transformation needed to avoid the worst-case scenarios of climate change and remain resilient in a resource-constrained world, cosmetics players need to focus on the issues and impacts most relevant for their business. This can be a real challenge: the number of sustainability topics to address can be overwhelming. If brands rely on passion rather than science to prioritize their efforts, they can get stuck in a pattern of putting out the latest fire without ever addressing the most pressing issues.

Luckily, science is something in which cosmetics already excels. It drives innovation, lays the

foundation of product quality and efficacy, and is an important component of a brand's value proposition. This inherent **emphasis on science can be harnessed by brands to make real progress on sustainability.**

The first step: performing a **corporate footprint and materiality assessment.** The environmental metrics they generate pave the way for meaningful change by providing companies with a snapshot of the sustainability performance of their business and value chain. While industry-level performance can provide some clues about where key impacts and risks may lie, it does not reflect the reality of every brand. A company's environmental impacts can vary significantly depending on its product portfolio, supply chain model, sourcing practices and more. To shape sustainability strategies that are comprehensive and effective, **cosmetics companies must identify the key drivers of environmental impacts within their own value chain.** This information also enables brands to communicate credibly, secure buy-in and successfully engage stakeholders.

It's a win for brands and the industry as a whole. As more companies go through this process, our picture of the industry's impacts, and what is needed to address them, will become more complete.



 To drive innovation and transparency, brands must first understand their value chain hotspots and drivers of environmental impact. Corporate footprints and materiality assessments provide this insight.

Embrace Transparency to Strengthen Credibility and Trust

Consumers have started scrutinizing the ingredient lists of the products they buy. According to Euromonitor's 2018 Beauty Survey, **consumers now consider ingredient transparency to be the second most important desired product feature** within skincare. People want to know what the ingredients in their products really are, how they're sourced and if they're safe. This information, however, isn't always readily available, which makes separating fact from fiction a challenge. In fact, **80% of consumers believe that an abundance of contradictory information makes it hard to know who to trust.**⁶ To determine whether a product is safe or sustainable, many

consumers apply the same logic to shampoo or makeup as they would to buying food — if ingredients are unrecognizable, they're probably not good for you.

Creating beauty and personal care products is a science, and the average consumer is unfamiliar with the processes and ingredients that go into the final product. Lack of transparency creates conditions that allow misinformation to thrive, opening brands up to unprecedented levels of scrutiny and criticism. **Transparency is the cornerstone of trust.** Disclosure, labeling and creative communications supported by science-based metrics can help set the record straight, lend credibility and reliability to brands, and create new opportunities to engage stakeholders.

73% of consumers say they value transparency + would likely pay more for products from transparent companies.⁷

Beautycounter Strives to Make Transparency an Industry Norm

BEAUTYCOUNTER

case study

Beauty brand and Certified B Corporation **Beautycounter** was founded with a simple mission: to give consumers access to products they feel safe using. The brand's guiding principle is its commitment to transparency.

Believing that better beauty begins by telling consumers what's in its products, Beautycounter strives to be informative about the ingredients it uses in its formulas, including all known components of fragrances that traditionally appear as "fragrance." An Ingredients Glossary housed on the brand's website aims to further **demystify ingredients by explaining what they do and whether they are synthetic or naturally derived** (and from what). Beautycounter also gives consumers a peek into how it tests and screens ingredients, and has developed **The Never List™**, a list of 1,800 potentially harmful ingredients that shouldn't be found in its formulas, including 1,400 substances banned or restricted in personal care products by the EU.

As a next step, Beautycounter is working to shed light on its ingredients' supply chains. The brand has **committed to becoming the first beauty brand with a fully traceable mica supply chain**. To trace its mica supply chain as precisely as possible and identify information gaps and where improvements are needed, Beautycounter has partnered with Sourcemap, a supply chain mapping software created at MIT that enables businesses to map their entire supply chain and trace products to the source. Beautycounter aims to embed the technology into its website to show the journey of its mica. The approach is also being considered for the brand's palm oil and vanilla supply chains.

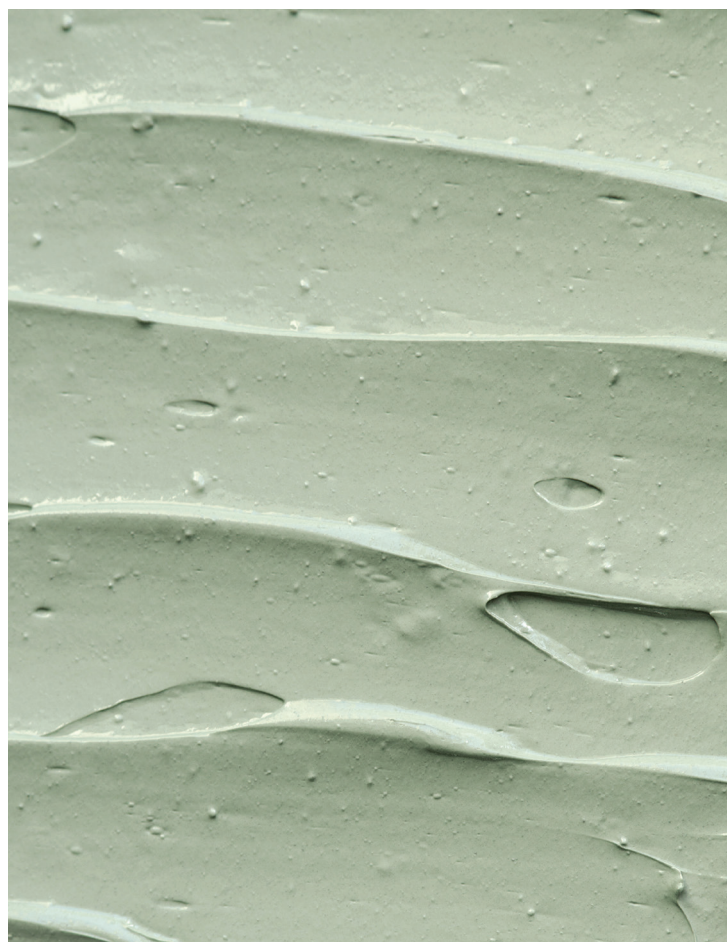
Set Ambitious Science-Driven Goals That Go Beyond Carbon

It's 2020, the dawn of a defining decade for humanity. From now on, goals must be bold and in line with what science says is required to prevent the worst-case scenarios of climate change. Devising a robust climate impact reduction strategy with science-based targets is a critical first step in aligning business models with a 1.5° C future. Companies should focus on reducing emissions as much as possible to maximize impact, then balance residual emissions with carbon dioxide removals within the value chain while continuing to improve reduction efforts. Climate change, however, is not the only risk we face and carbon cannot be addressed in isolation.

By working solely on carbon, cosmetics and personal care players are missing a major opportunity to make progress on their sustainability strategies and safeguard both the future of their businesses and the the planet.

Ambitious actions are also needed on:

+ Water: A key resource for cosmetics and personal care across the entire value chain, water is a valuable raw material for product manufacturing, but it is also required for consumer use of many cosmetic and personal care products. Agro-based ingredients and raw materials used in products and packaging also need water to grow. Water scarcity and stress driven by climate change and unsustainable water management (both in cosmetics and linked industries such as agri-food) will have long-term implications for the industry.



Failure to consider water risk across the value chain during product development can put brands' business models at risk. To mitigate this, brands must assess water risk factors, set **ambitious water targets that take the local context into account**, and work collectively across the value chain.

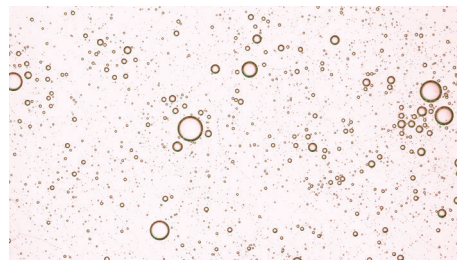
+ Biodiversity + Land-Use Change: Cosmetics and personal care rely on nature for raw materials and inputs, such as coconut oil, cocoa for cocoa butter and soy for producing glycerin. As biodiversity declines, driven by climate change as well as overexploitation, as is the case with sandalwood, brands can incur significant risk to their supply chains and reputations. **Protecting biodiversity is good business.** Tackling land-use change and deforestation in company supply chains is a good place to start; these problems drive biodiversity loss and climate change. Procurement managers should identify risks associated with the raw materials they buy and increase collaboration with suppliers and other stakeholders to encourage sustainable practices and foster greater transparency and accountability in the marketplace. The cosmetics industry can learn from peers in the agri-food industry, which is already charging ahead on this topic. Check out **The Quantis Food Report** for insights, business cases and guidance that can be applied to the cosmetics industry.

+ Ecotoxicity: A key impact of cosmetics and personal care, ecotoxicity isn't always considered during product development. Formulas will eventually make their way into

the environment, whether during use phase or end-of-life, so products with high persistence and bioaccumulation potential can pose a threat to human and environmental health. Brands serious about sustainability need to enhance the biodegradability of their formulas and lower their ecotoxicity (see page 40).

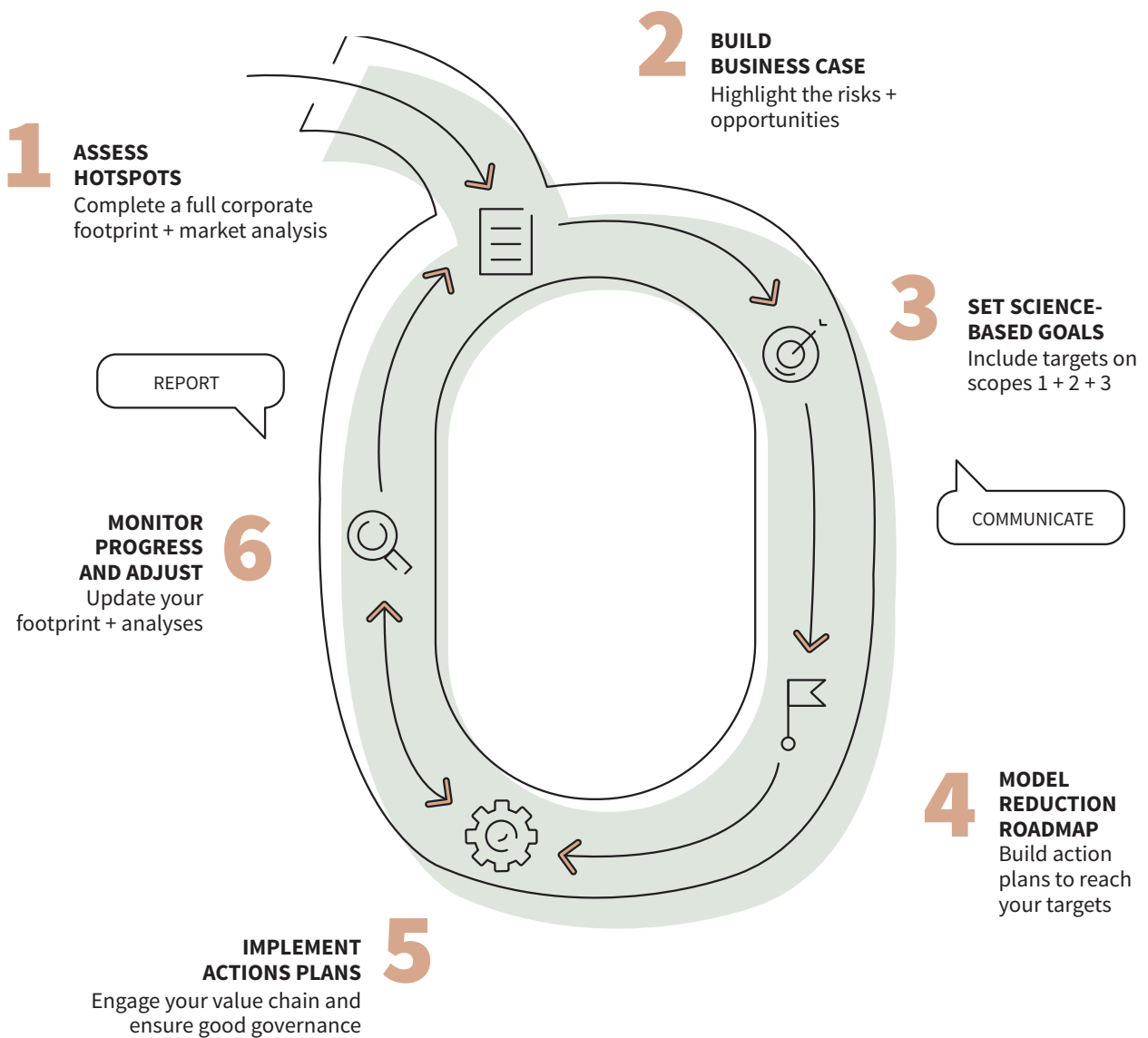
80% of Generation Z feel strongly that companies should act for the environment.⁸

59% of women over the age of 35 say purchasing sustainable beauty products is important to them.⁹



THE QUANTIS SCIENCE-BASED SUSTAINABILITY JOURNEY (FIG. 4)

Setting goals aligned with science is not a linear process. You'll need buy-in from internal stakeholders at key points in the journey and to come back around each time with better clarity on your impacts + targets + action plans.





Break Down Silos by Bringing Every Team, Every Market on Board

Sustainability superheroes need the support of departments across the business to translate commitments into meaningful actions yielding real, long-term change. Unlike the agri-food sector whose impacts are mostly concentrated in raw materials production, the beauty and personal care industry's impacts are spread out across the value chain, so everyone — from product development to logistics and marketing — has something to contribute. To go further, faster, **teams need to understand how their work can contribute to sustainability goals**, but they must also locate any overlap with other teams. This is critical for breaking down silos and fostering collaboration, leading to greater efficiency and new opportunities for innovation. A collective approach must also extend into the supply chain to tackle resource-related issues such as water, land-use, biodiversity and soil health. To find effective solutions, **brands will need to join forces with suppliers** on the front lines of climate change and its impacts.

Just as each department has something to contribute to a company's sustainability cause, so does each market. Different regions experience different challenges — water stress, waste management capacity, product expectations, sustainability maturity — and to achieve global goals, local action is needed. **Applying a one-size-fits-all approach is unlikely to bring about adequate transformation.** Cosmetics companies can better support their strategies by working with

regional teams to develop action plans tailored to the local context. This ensures that efforts and resources are focused on addressing the most relevant impacts, helping safeguard local supply chains and resources, and making meaningful strides towards the larger strategy.

Track + Celebrate Progress to Keep Up Momentum

Sustainability is complex and companies may feel they are facing an impossible task. That's why **it's critical to track, report and celebrate progress — even the small wins.** There is still a lot to learn about the industry and where it stands on sustainability, which means every year brings more information, insights and opportunities to make meaningful improvements. When internal teams can see the positive impact of their efforts and understand that sustainability is an ever-evolving process, a journey rather than an end destination, this informs the way people work and helps them keep the momentum going. Employees feel empowered and have clarity of purpose, while upper management can support initiatives with greater confidence. Together they create the ideal conditions for ingenuity and innovation. It's also important to **share progress with value chain partners so they feel recognized for stepping up** to the plate; this helps secure continued buy-in and engagement.

Internal stakeholders are not the only ones to benefit. Tracking and reporting makes it easier for companies to be transparent, providing investors and consumers with the information they demand and backing it up with credible metrics.

L'Oréal is transforming its business with science, innovation + engagement – here's how

Over the years, **L'Oréal Group** has undertaken an in-depth transformation towards an increasingly responsible and sustainable business model. Today, the company's bold ambition and strong commitment has earned it global recognition as a sustainability leader.

Alexandra Palt, Executive Vice President and Chief Corporate Responsibility Officer at L'Oréal, shares how internal engagement, robust metrics and innovation have been catalysts of change.

"The steadfast determination of our teams has been a major asset. From the outset of our sustainable development program, we established extremely ambitious goals without always knowing how to achieve them. All of our employees have shown a remarkable capacity to reinvent the way they work, from the design of new products to their production and distribution, as well as the sourcing of raw materials.

What has also been key to the success of our sustainability program, Sharing Beauty With All, is that it focused on the very heart of L'Oréal's activity: beauty products. Experts from our Research & Innovation department and Packaging teams partnered with Quantis to develop an innovative tool allowing them to assess the social and environmental performance of the Group's products.

L'ORÉAL

case study

***The Sustainable Product Optimization Tool (SPOT)**, was implemented across all brands (2,180 products in 2019) and is now fully integrated into the design and launch process for new products. This has allowed us to:*

- + simulate diverse design options in order to assess their impact on the environment and society and identify potential opportunities for improvement; and*
- + and quantify impact reduction across every aspect of the product and track progress on four areas of improvement: packaging, formula footprint, proportion of renewable ingredients sourced sustainably or derived from green chemistry, and a product's social benefits.*

Beyond this concrete progress, corporate responsibility is now a core component of measuring and evaluating the performance of both the company and its leaders. While sustainability was already completely integrated within the Group's strategy, we now apply the same exacting requirements to social, societal and environmental performance as we do to economic and financial results. As proof, the CEO's and most of the senior management's bonuses are dependent on achieving our sustainability objectives. This is a major structural evolution that demonstrates our commitment to environmental and social responsibility."

03

Accelerating Action at Product Level

EMBED SUSTAINABILITY AT EVERY LIFE CYCLE STAGE

The product is the endgame of each cosmetic or personal care brand, and determines how beauty or well-being benefits are delivered to consumers. It's what people see on the shelves and put on their face — the *raison d'être* of R&D, formulation, market research, procurement, etc. To create high-quality products with strong environmental performance, **sustainability must be embedded into each phase of the product's life cycle.**

Why is a life cycle approach beneficial? It uses robust metrics to give brands a comprehensive view of the environmental impacts of a product across its entire life cycle. **It also affords brands the insights needed to minimize impacts and avoid their transfer.** As brands strive to meet growing demands for natural, “free-from,”

transparent products with low-ecotoxicity and sustainable packaging, they need this big-picture view to ensure that changes are optimized for both sustainability and product quality. **Cosmetics already draws heavily on science to enhance product quality and safety. Using it to design sustainable products is a natural evolution.**

Decades of creativity have generated countless innovative products for the same function — for example, deodorant is offered as a roll-on, stick, spray, powder, paste, etc. As the planet's resources become scarcer, an environmental lens will bring the most resilient products to the fore, giving first-mover companies an advantage across product categories.

IN THIS SECTION, DELVE INTO THE KEY CHALLENGES AND SOLUTIONS AT EACH STAGE OF A COSMETIC PRODUCT'S LIFE CYCLE

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02 | PACKAGING DEVELOPMENT
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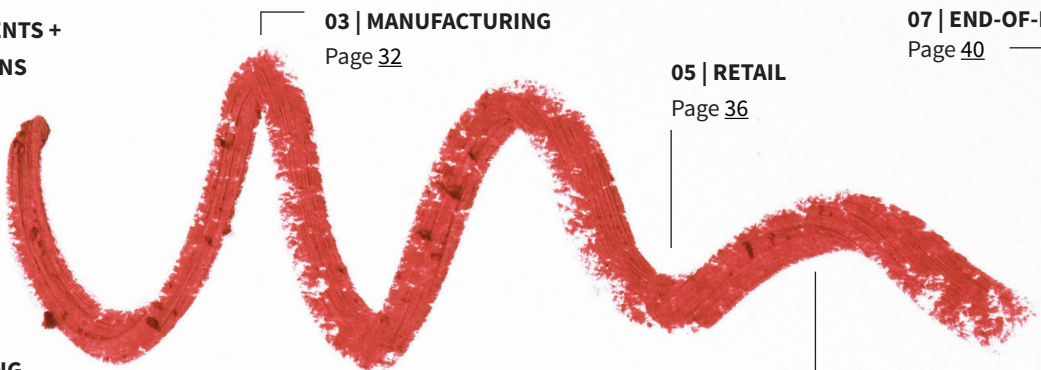
03 | MANUFACTURING
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01 | Ingredients + Formulation

Navigating naturality sustainably

Consumer demand for “natural” products is on the rise. Global market research firm, Persistence Market Research, projects global sales of natural and organic beauty products to double — from \$11bn in 2016 to \$21.8bn in 2024. Consumers now insist on ingredient transparency and are increasingly concerned about the health and environmental impacts of the products they use. For many, **“natural” is synonymous with enhanced well-being, safety and sustainability**, while “conventional” counterparts are increasingly viewed as toxic, “dirty” and unsustainable.

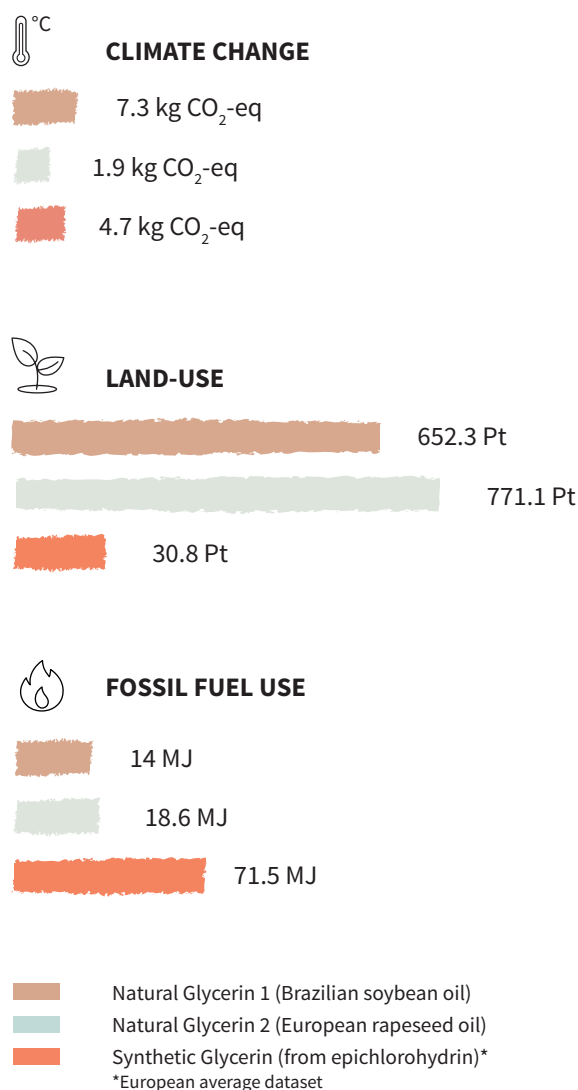
Perception or reality? Let’s unpack the facts.

42% of UK and 25% of German consumers purchasing natural and organic personal care products believe they are better for the environment.¹⁰

Naturality is not an accurate indicator of a product’s sustainability performance. This oversimplifies the issue and misses something important: the backstory of the ingredients. The real determinant of environmental performance is a product’s impacts across its life cycle — from production and sourcing of ingredients to use and end-of-life. Natural ingredients sourced from agriculture can have a high impact in terms of carbon, land use, water, etc., particularly where significant resources are required to yield a very small amount of product. In these cases, synthetics may offer a less impactful alternative, without compromising quality.

IMPACT OF NATURAL VS. SYNTHETIC INGREDIENTS (FIG. 5)

Assessing ingredients across multiple environmental criteria provides a more holistic view of impacts, enabling decision-makers to make more informed decisions, and reveals opportunities for improvement. Looking at the climate change impact alone, natural glycerin derived from European rapeseed oil would appear to be the most sustainable choice. However, when land use is considered, the scales tip in favor of synthetic glycerin.



*Calculations done by Quantis in 2020.

As beauty and personal care brands respond to growing consumer demand for natural products, **they will need to remain conscious of planetary boundaries**, which require corporate decision-makers to consider the whole life cycle of a formula and its ingredients across multiple environmental criteria, i.e. deforestation, land-use change, soil health, biodiversity and water use and pollution. Companies that understand where hotspots lie are empowered to adopt more sustainable purchasing practices and actively work with suppliers to tackle environmental impacts effectively and avoid tradeoffs.

HOW CHANEL FRAGRANCE & BEAUTY'S SOURCING PRACTICES SUPPORT SUPPLY CHAIN RESILIENCE

Cultivating close **collaborative relationships with small to mid-size suppliers opens up new opportunities to reduce environmental impacts** of natural ingredients and to build supply chain resilience. In Cerro Azul, Costa Rica, iconic French beauty brand CHANEL Fragrance & Beauty is working in partnership with local coffee producers to preserve the region's coffee-growing traditions and the supply chain for green coffee, a key ingredient used in CHANEL Fragrance & Beauty skincare products such as its Blue Serum. Together, they set up a supply-chain resilience plan which included an innovative social-entrepreneurship model and a three-year renewable framework agreement for sustainably grown plant-based raw materials.

02 | Packaging Development

Ecodesigning truly sustainable pack

Packaging is what we hold in our hands — and it's what remains after a product has been used. No wonder packaging gets so much attention. It plays an important role for cosmetics products, from preserving product quality to differentiating brands, portioning and application. Packaging also represents a significant share of a product's environmental footprint — up to 90% for product categories with a high packaging to formula mass ratio.

Packaging can account for up to 90% of a product's footprint for product categories with a high packaging to formula ratio.

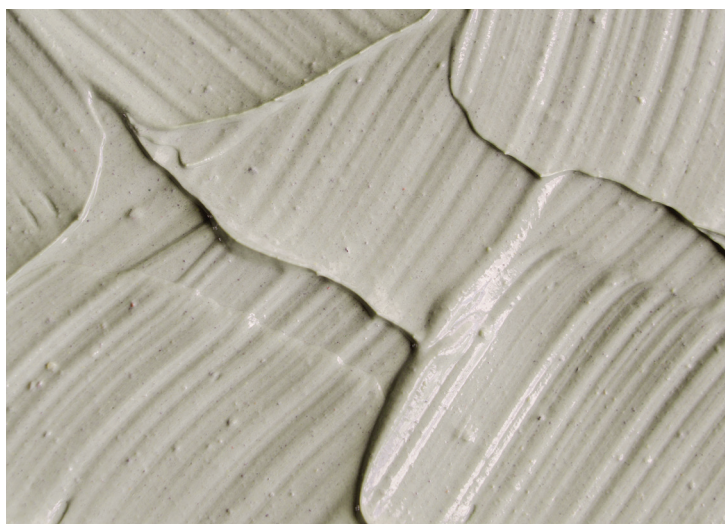
Consumers increasingly expect companies to make better packaging. In a **recent study** on ecodesigned luxury packaging by Citeo, the organization in charge of France's Extended Producer Responsibility scheme for household packaging and papers, 9 out of 10 consumers under the age of 35 said they would stop buying a brand if they realized its packaging was unsustainable.¹¹

To develop truly sustainable packaging and avoid tradeoffs, businesses need a metrics-based ecodesign approach that considers the holistic value chain impact of a product and its packaging. **Ecodesign is most effective when it is central to packaging strategies, and embedded across functions and departments.**

Choosing materials with the best environmental performance, and reducing packaging and its weight, are critical steps in reducing packaging impacts — but these are only a few pieces of the puzzle.

Other key aspects of sustainable packaging include:

- + **Prioritizing reuse and refill** options during the new packaging development process, as well as recyclability.
- + **Simplifying design** to reduce the number of components and materials, make separating them easier, and better align ecodesign choices with local waste management capacity. This can help ensure packaging is appropriately disposed of, preventing leakage into the environment, landfilling and incineration.
- + **Considering finishing** as well as materials. Finishing processes should be assessed: some, including several metallization processes, are high-impact. Their use should be carefully considered during packaging development, e.g. reducing the amount of decorated surface or choosing less impactful finishing processes.
- + **Optimizing packaging design** to allow full restitution of a formula or efficient dispensing.



PLASTICS: FRIEND OR FOE?

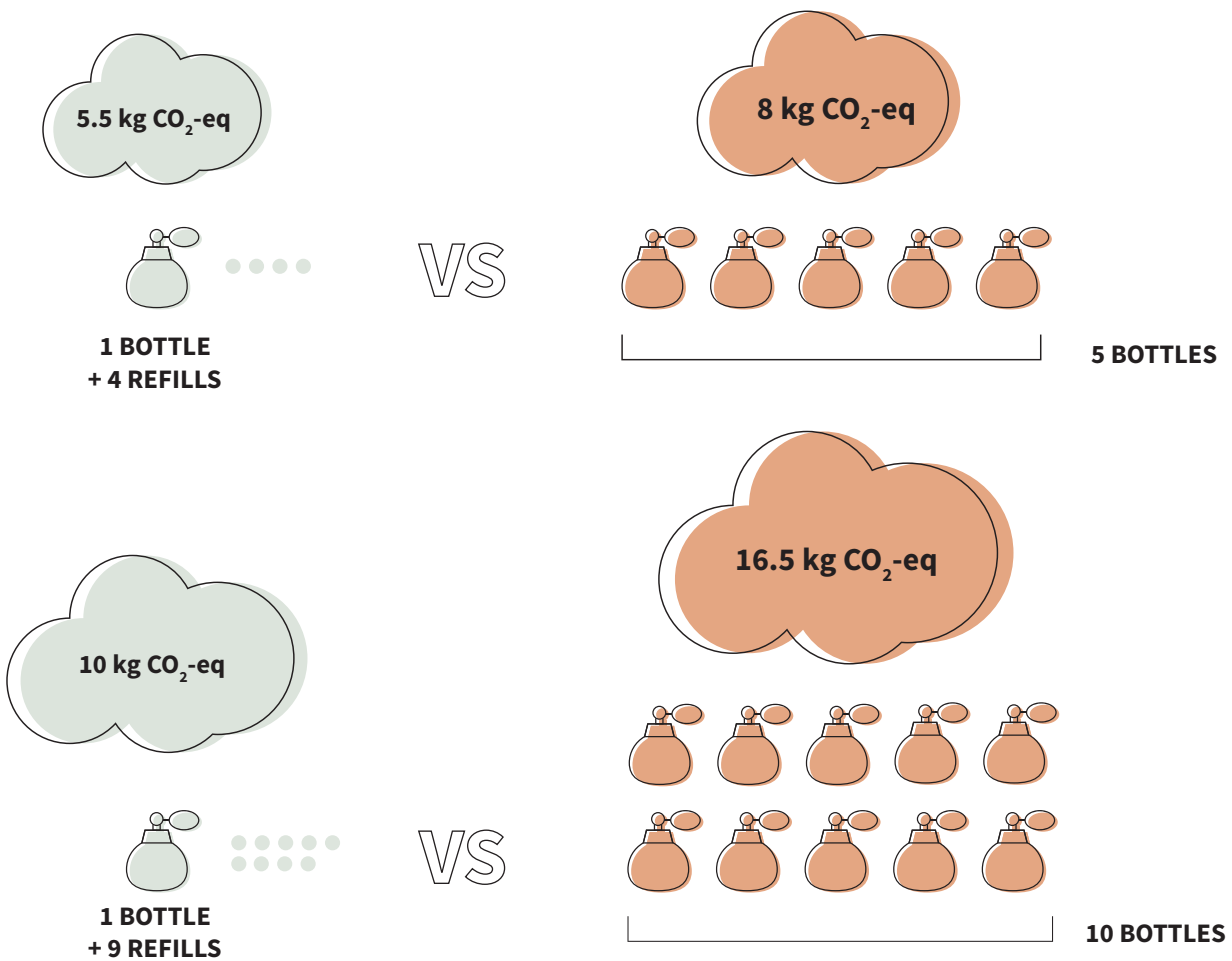
A GlobalData survey indicates that 35% of consumers would buy more skincare products, or buy them more often if they were packaged without plastics.¹² Plastics offer benefits in versatility, durability, malleability, light weight and low cost. Drawbacks such as plastic pollution and the leaking of toxic chemicals into the environment reflect inefficiencies across life cycle stages and a systemic failure to work toward a zero-waste, nontoxic, circular economy. To overcome these challenges and develop truly sustainable packaging, cosmetics players need to take a systems-level view. Using a science-based ecodesign approach that considers the whole life cycle of a product and its packaging, brands can shape robust solutions that are tailored to the complexities of their value chains and maximize sustainability.

PACKAGING: THE REFILL REVOLUTION

An ever-growing number of cosmetic and personal care brands are shifting towards refillable packaging to enhance the environmental performance of their products. **Clarins** has a well-established refill program; fragrance brand **Le Labo** refills empty bottles in stores. **L'Occitane, Guerlain, Kjaer Weis** and **Parfums Christian Dior**, among others, have begun offering refills systems. The latter has transitioned 80% of its creams and fragrances to a refillable packaging model. For its Capture Totale cream alone, the switch has saved 600,000 liters of water and nearly 11.6 tons of waste per year.

IMPACT OF USING REFILLABLE PACKAGING ON GHG EMISSIONS FOR A 75ML BOTTLE OF PERFUME (FIG. 6)

Refillable packaging enables brands and consumers to reduce the GHG emissions impact of the products they produce and purchase. GHG emissions reductions become more significant over time, as refills replace the purchase of new bottles.



*Calculations done by Quantis in 2020. Assessment includes bottle production, transportation and the perfume itself.

How Coty Navigates Licensing Partnerships

C O T Y

case study

Licensing relationships and co-designing can present unique challenges for cosmetics brands' sustainable packaging efforts. To achieve targets and make real progress on sustainability commitments, alignment with license partners is critical.

Global beauty company **Coty** has made a bold commitment: by 2025, 100% of its packaging will be recyclable, reusable or compostable and made with recycled material. The trust built over the years with its license partners has played a key role in driving Coty's sustainable packaging efforts forward. The company worked with its partners to roll out a number of training programs and learning materials that demonstrate the power and value of ecodesign. License partners have been involved at every major stage along the sustainable packaging journey to create containers that both are on-brand and align with Coty's environmental objectives.

"Packaging plays an essential role in the overall brand and product experience. We want to show that sustainable packaging can be beautiful too," says **Vincent Delavenne, VP Packaging, Luxury Division at Coty**. *"The future of packaging is circular and we've been investing in building up our ecodesign capabilities. Ecodesign not only shows us the facts and helps us understand the environmental impacts of the materials, finishes and processes we use, it's also an opportunity to surprise and thrill our customers with new brand experiences."*

03 | Manufacturing**Building industrial sustainability**

The manufacturing or production phase of a cosmetic or personal care product most often lies within a company's direct sphere of control; this is clearly advantageous when looking to leverage change towards achieving sustainability goals. Indeed, enhancing efficiency and minimizing impacts of production processes offers an opportunity for cosmetics players to innovate, capture short- and long-term value, and build resilience. Since production processes are within the company's "four walls," these improvements offer a way for companies to foster engagement and make big strides, fast. French cosmetics giant and recognized sustainability leader **L'Oréal Group** offers an example of best practice.

L'Oréal Group's 2020 target to reduce the environmental footprint of its industrial activity is a central component of its global sustainability program, Sharing Beauty With All. This activity is also where the group has made the fastest progress. Between 2005 and 2018, **L'Oréal reduced the CO₂ emissions of its plants and distribution centers by 78%, exceeding its initial target of 60% by 2020**, while production volume increased by 37% over the same period. By the end of 2018, **35 sites had achieved carbon neutrality**.

The foundation of this success was a strategic three-tiered approach:

- + **Reducing energy requirements** by improving energy efficiency across all facilities (buildings, equipment, etc);

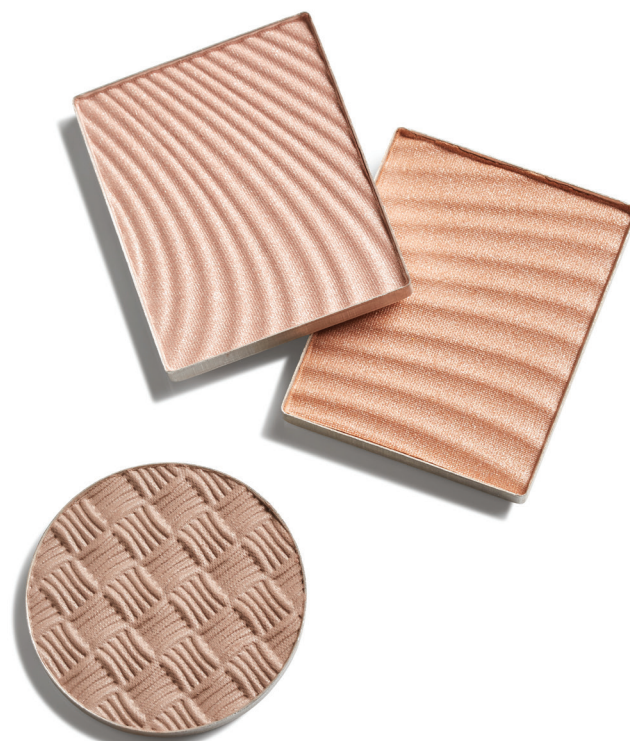
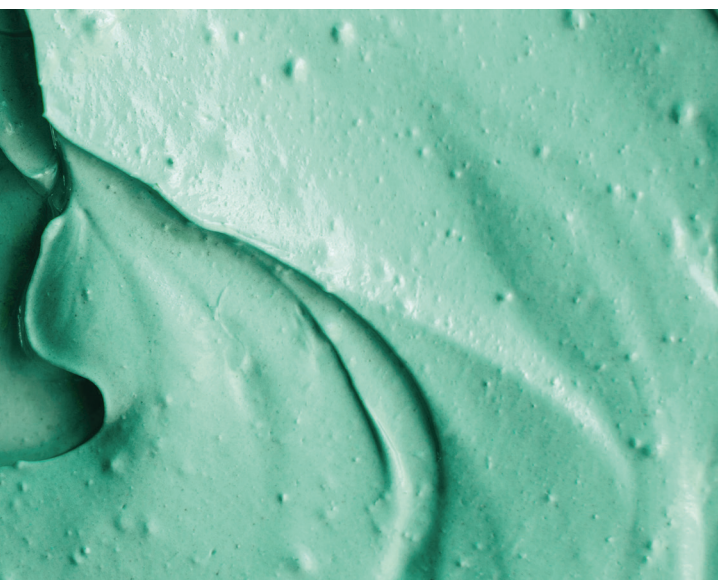
- + Increasing the **use of local renewable energy** wherever possible, and achieving the targets defined for the sites without carbon offsetting projects; and
- + Deploying an **insetting strategy across its raw materials supply chain** to generate carbon gains for the remaining GHG emissions (scope 1 and 2 emissions as well as those related to the downstream transportation of its products), with the end goal of becoming a carbon-balanced company.

Looking to the future, the global beauty group has begun putting its 2030 Science-Based Targets into practice (see [page 19](#) for more on SBTs). **L'Oréal has committed to reducing its scope 1, 2 and 3 emissions by 25%** in absolute terms, compared to 2016, to align with a 1.5 °C future, and achieving carbon neutrality by 2025 for all of its industrial, administrative and research sites.



INSETTING 101

Insetting is a mechanism companies can use to finance climate action within their own supply chains to address their impacts on climate, water, biodiversity, land-use, soil, etc. Insetting projects may count as emissions reductions towards SBTs if they meet certain criteria. They may also be a part of a strategy to achieve a net-zero goal. Priority should be given to carbon reduction actions close enough to a company's direct operation scope and that can be accounted for following widely-accepted scientific methodologies.



04 | Distribution

Understanding e-commerce's impacts

Today, logistics and distribution represent a relatively small portion of a product's overall footprint, but this could be changing fast. E-commerce or "on-demand" delivery is skyrocketing around the world, especially in Asia Pacific, which is already e-commerce's largest market.

Cosmetics businesses are paying attention to the e-commerce boom. Brands are exploring ways to meet consumer demand for ever-faster delivery while addressing users' environmental concerns about excessive secondary packaging, as well as less visible impacts from air transport and data storage. The verdict is still out on whether e-commerce is more or less impactful than traditional distribution. More data is needed to provide robust scenario assessments.



Is e-commerce more or less impactful than traditional distribution? Results can vary depending on product type, spatial context and supply chain model.

FACTORS DRIVING THE FOOTPRINT OF E-COMMERCE (FIG. 7)

Factors Increasing Footprint

- + More **frequent deliveries**
- + **Lower fill rates** (e.g half-filled trucks)
- + Need for **faster transportation** (more air transport)
- + Additional **delivery packaging**
- + **Energy-intensive** data centers and devices
- + Increased **impulse buying**

Factors Decreasing Footprint

- Fewer visits to stores
- Data-driven **delivery efficiency**
- **Optimized fleets** and fuel choices
- More **sustainable delivery methods**
- **Cleaner "last-mile"** delivery (bike, electric scooter)
- **Online payments**
- **Fewer unsold products**



To tackle environmental risks from e-commerce and build more resilient digitalization strategies, businesses are exploring several key levers:

- + **Improve product tracking.** Follow products beyond the first point of delivery to better understand transport impacts and identify reduction opportunities.
- + **Design packaging with transport in mind.** Prefer packaging designs that maximize space in transport, consider ways to make packaging lighter without compromising product quality, and explore reusable ecommerce packaging.
- + **Rethink shipping models.** Work with retailers and carriers to innovate on logistics — develop more local models, use AI to optimize distribution center locations and routes, update fleets and choose low-impact fuels, avoid high-impact modes of transport such as air shipping.
- + **Identify better “last-mile” urban solutions.** Shift last-mile delivery to alternative modes of transportation such as bicycles and electric scooters, and improve air quality simultaneously.
- + **Use ecommerce to optimize stock** and reduce excess inventory.

05 | Retail

Shaping a new approach for POSM

Efforts to reduce retail-related impacts are often geared to improve energy efficiency. This relatively narrow focus can cause other high-impact categories to be overlooked. Point of Sale materials (POSM) have become ubiquitous in the cosmetics industry as a key marketing aspect of the brand and product. Unfortunately, these have a significant environmental impact. Its full extent is unknown, largely due to a lack of data and information about the ultimate fate of these materials. Despite the massive investment that goes into their production, companies often don't even know what proportion of these materials are actually being used by distributors! It is clear that there is more work to do here, particularly since POS materials are often not taken into account in corporate footprinting.

A new approach to POS materials is needed — one built on ecodesign principles, cross-functional collaboration and efficiency.

Many of the approaches brands are taking to improve packaging can also be applied to enhance the environmental performance of POS materials. Just as with product formulation and

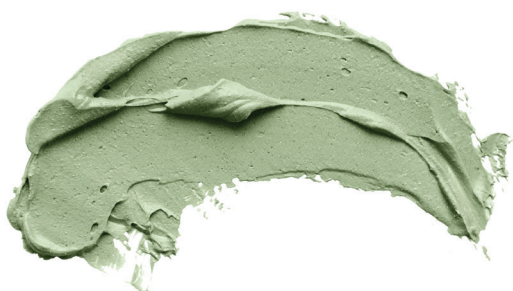
packaging development, brands and teams who make **ecodesign standard practice in the early stages of POS material development** are then empowered to make design decisions that optimize environmental performance across the full life cycle, from the sourcing of raw materials to disposal. To be effective, such efforts must be supported by better management practices, requiring cooperation with marketing teams.

Mistargeted and unused materials generate a lot of waste. A key reason for this is the failure to fully assess the performance of different assets within a campaign. Brands need to ramp up efforts to analyze and report on where assets are being used, by whom, and how often.

The resulting insights help identify materials that aren't being used, allowing brands to streamline future campaigns by dropping materials that didn't deliver. Not every piece of POS marketing will be applicable to every region. Collaboration with regional teams can reveal which assets are likely to be effective in their markets, and reduce unnecessary waste. Efforts should also be made to extend the lifetime of POS assets, both in terms of durability of materials and potential use across multiple campaigns.



Raw materials and finishing processes used to make POSM can be linked to key environmental issues, making the waste from mistargeted or unused assets even more problematic. Big investment goes into POSM, yet it is often left out of cosmetics brands' ecodesign strategies. Ramping up analysis and reporting is key for understanding the extent of its environmental impacts and making improvements.

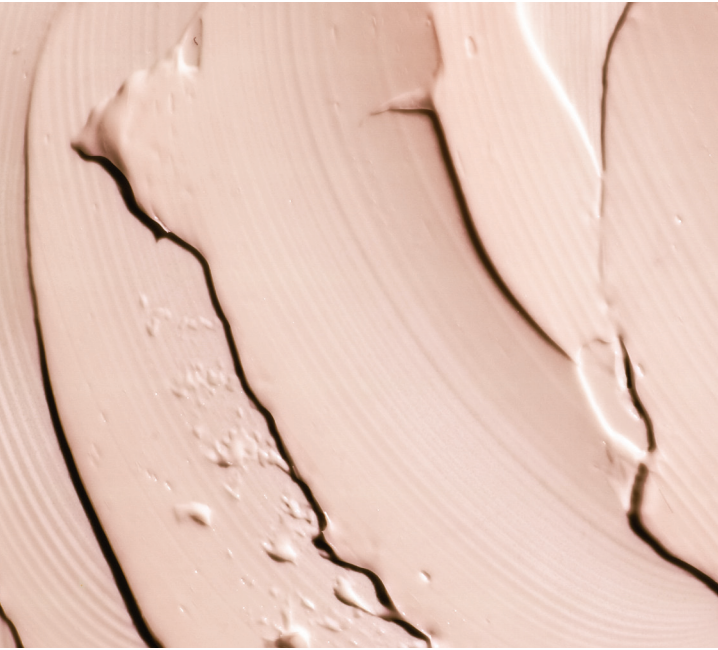


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Operating within an industry designed to deliver well-being benefits, cosmetics and personal care brands have a responsibility to safeguard the planet's resources. Yet all too often, sustainability in cosmetics and personal care is reduced to a question of waste at end-of-life, while essential challenges linked to the products themselves, in particular those related to raw material production and use phase, are overlooked. Transitioning to a sustainable business model and circular economy will require brands to adopt a comprehensive, science-driven approach that considers a product's entire lifecycle, from formulation to end-of-life, and how impacts align with planetary boundaries. Equipped with this knowledge, cosmetics companies can make real progress on sustainability while successfully navigating shifting industry dynamics.



— **H EL ENE ORLIAC**
DIRECTOR OF ECONOMIC,
ENVIRONMENTAL AND
INTERNATIONAL AFFAIRS,
FRENCH FEDERATION FOR
BEAUTY COMPANIES (FEBEA)



06 | Use Phase

Tackling a product's biggest impacts

Impacts linked to a product's use phase are not often on cosmetics companies' radar when they look to tackle their footprint. **Yet the way a product is actually used could be its largest impact category.** Beauty and personal care brands can meaningfully influence these impacts, especially during product development.

A life cycle perspective that includes the use phase helps businesses make more sustainable design choices. By accounting for the resources required by consumers to actually use a product, such as water, energy, etc., companies can obtain a more complete picture of a product's environmental performance. For example, two types of shower gel may seem equally impacting in the production phase, but their footprints could vary significantly when use-phase metrics enter the equation. Similarly, makeup that consumers need to remove with cotton pads or another product will have a different impact than a rinse-off variety.

This information can be used by product design teams to make more sustainable choices during product development that will reduce use phase impact while avoiding their transfer to other life cycle stages.

Additionally, during the packaging design phase, businesses can help consumers avoid wasting or over-using product by creating containers that deliver the correct dosage.

Impacts from the use phase are often highly regional. When companies think about the energy and environmental characteristics of a market, they can better tailor their product portfolios to capture new business opportunities. For instance, products that are dry or less water-intensive are particularly interesting in carbon-intensive and water scarce regions.

Use phase can be the largest source of a product's impacts depending on the environmental and energy characteristics of the market where it is used, and whether it is a rinse or non-rinse product. Yet it is often overlooked during product development. Considering use phase metrics can help brands make more sustainable design choices.



HOW REGIONAL CONTEXT INFLUENCES THE IMPACT OF PRODUCT USE PHASE (FIG. 8)

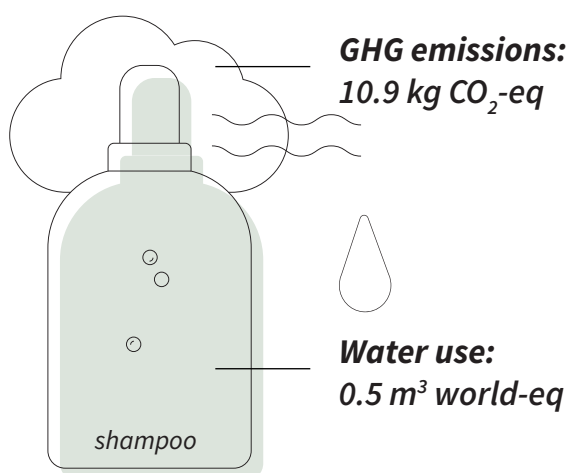
Use phase impacts can vary depending on the energy mix and level of water stress where a product is used. Below we compare the use phase of a 250ml bottle of shower gel.*

The non-renewable energy used in the United Arab Emirates (UAE) to heat the water needed for product use generates three times more GHG emissions during use phase than Colombia's renewable energy mix. Water use, which considers water used in the shower and in power plant cooling processes, weighted by water scarcity, is five times greater in the UAE.

COUNTRY 1: COLOMBIA

ENERGY MIX: RENEWABLE

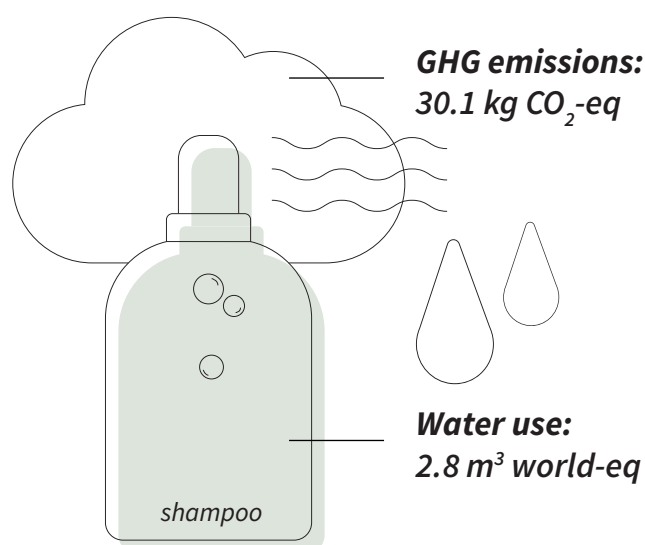
WATER STRESS: LOW



COUNTRY 2: UNITED ARAB EMIRATES

ENERGY MIX: NON-RENEWABLE

WATER STRESS: HIGH



*Calculations done by Quantis in 2020. Based on the assumption that 5 ml of product and 35 l of water are used per shower, and it takes 29.6 Wh of electricity to heat 1 l of water.

USE PHASE: SHIFTING CONSUMER BEHAVIOR

In addition to tackling use-phase impacts during new product development, brands can engage consumers directly to “nudge” behavior changes. Effective nudge campaigns first highlight what action the brand is taking to reduce its impact, then invite the consumer to join them to do more together. For example, **Unilever** positioned one of its shower gels as lathering faster than ordinary soap bars, allowing consumers to use less water. Through its **Water Savers** campaign in schools in the Netherlands, children designed bottle labels that encourage people to take shorter showers. When done right, these initiatives both have a positive environmental impact and cultivate positive brand perception.

07 | End-of-life**Engineering out ecotoxicity**

A product's impacts don't end once it's all used up. Brands can reduce end-of-life impacts by applying a circularity perspective to the product and packaging development phases. Here are a few key things to look out for:

7A | FORMULA: ENGINEERING OUT ECOTOXICITY

How do cosmetic products continue to impact the environment after use? This question is more common for rinse-off products such as shampoo, body wash and soap, but the impact from a formula's "end-of-life" or potential for ecotoxicity is relevant for all cosmetic products.

Many makeup products are removed with cotton pads or wipes, adding to household waste. Aerosol sprays release gases into the air, potentially contributing to smog formation and indoor air pollution. Ultimately, though, most products, even creams and powders, are eventually washed off and flow into the water system.

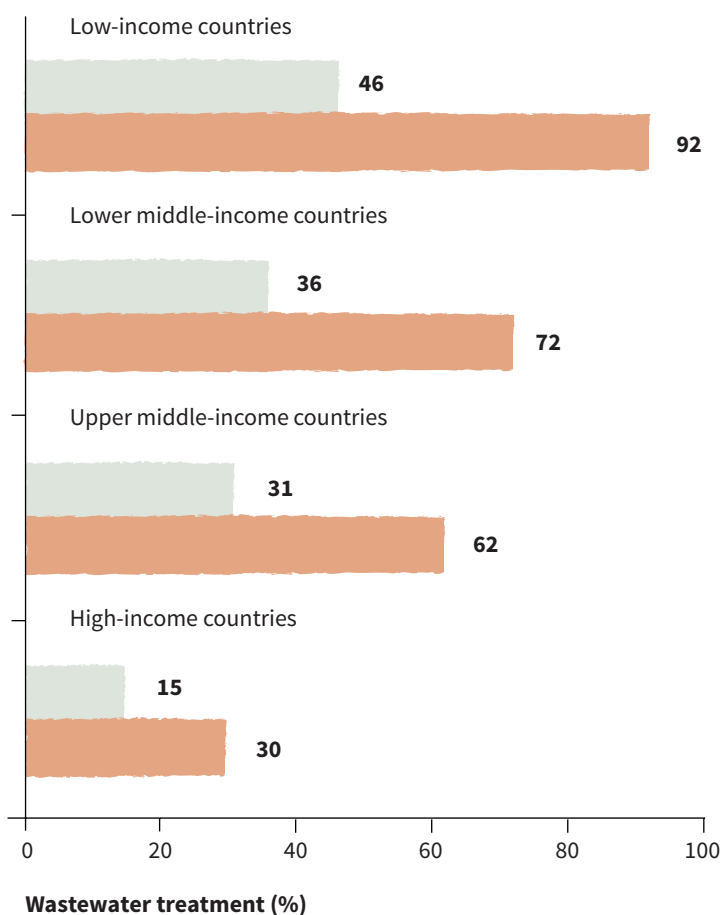
During formulation phase, designers need to consider the end-of-life of a product's formula to avoid impact tradeoffs at one end or another of the life cycle. For example, despite a small environmental footprint in production and processing, some ingredients have significant impacts at end-of-life in the wastewater system because of their ecotoxicity. Microbeads are a common and publicized example of product design or formulation with potential ecotoxicity impacts. Oxybenzone, a chemical used for sun

protection and as a photostabilizer in cosmetics products, is another. Studies suggest that oxybenzone, which can enter marine ecosystems through sewage treatment plant outflows and can cause damage to coral reefs — even at concentrations as low as the equivalent of one drop of water in 6.5 Olympic-sized swimming pools.^{13,14} Zinc Pyrithione, the active ingredient in anti-dandruff shampoo, has also been shown to be potentially ecotoxic. Considering ecotoxicity in formulas is especially critical in regions that lack advanced water treatment systems. When left untreated, certain chemicals make their way into the environment, harming local water quality, biodiversity and agricultural land. Favoring biodegradable formulas is an important step in these regions, **but even biodegradable ingredients can have a toxic effect on the environment before they degrade.** A regionalized lens across the full life cycle of the formula helps businesses choose the right ingredients.

Considering ecotoxicity is critical in regions lacking advanced water treatment systems. Even biodegradable formulas can have a toxic effect on the environment before they degrade.

PERCENTAGE OF UNTREATED WASTEWATER IN 2015 IN COUNTRIES OF DIFFERENT INCOME LEVELS (FIG. 9)

Considering ecotoxicity during product development and formulation becomes especially important in markets where a high percentage of wastewater is untreated. When left untreated, certain chemicals make their way into the environment, harming local water quality, biodiversity and agricultural land.¹⁵



■ Untreated wastewater in 2015 (Baseline)
■ Untreated wastewater in 2030 (Aspiration)



7B | PACKAGING: DESIGNING OUT WASTE

Increasing cosmetics packaging recyclability is a win-win solution: it reduces waste-to-landfill and thus the impact on the environment, while increasing consumer loyalty and engagement. The global beauty and personal care industry produces **120 billion units of packaging each year, yet cosmetics packaging recycling rates are typically very low**, around 50%,¹⁶ even in regions where recycling habits are well-embedded. Companies can do a lot to change this, and cultivate brand loyalty in the process. To reduce their product footprint and drive greater packaging circularity, companies **first need to design with an end-of-life or, better yet, a circularity perspective** — and then creatively engage consumers to encourage the right behaviors.

Designing for recycling

The most important **actions companies can take to reduce end-of-life impacts happen in the product and packaging development phase.**

Simpler packaging designs (with fewer materials, fewer components, and detachable components) are easier to recycle.

120 billion units of packaging are produced by the beauty and personal care industry every year, but only about 50% are recycled.

Of course, favoring a refill model can also help brands cut back on waste by eliminating it altogether. Recyclability is complex: it varies across regions and even between cities.

To succeed, companies need to align their products with regional recycling capacity. Large players can capture opportunities by working more closely with waste and recycling organizations in their key markets to support innovation in waste management systems.

Making sure packaging ends up where it's supposed to

Even if businesses have developed “100% recyclable” packaging, they rely on consumers to ensure that empties ultimately make it into the recycling stream. Clear labeling on the packaging is key if consumers are to understand how to dispose of it.

Enticing consumers to recycle their empties

To really move the needle on recycling, companies are getting more involved in packaging recovery, finding ways to entice consumers back to the store to return empty containers as part of a “take-back” program. This allows companies to demonstrate their commitment to addressing impacts. At the same time, it generates a new touch-point to cultivate brand loyalty. One effective way to demonstrate commitment is when a company accepts empties from any brand, not only the company's own, as **lilah b.** does.

When designing take-back programs, companies should strive to provide rewards consistent with the overall sustainability goals of the program. In other words, the reward shouldn't generate additional waste and might avoid a product reward altogether. Rewards such as an experience, an opportunity for social recognition, or a donation to an organization addressing an environmental issue related to the products' impacts are good alternatives.



“

As a founding member of the Sustainable Packaging Coalition, and as members of SPICE and the Ellen MacArthur Foundation’s Circular Economy 100 program, The Estée Lauder Companies is strongly committed to driving packaging innovation and circularity by collaborating with our industry peers. The Estée Lauder Companies is committed to our sustainable packaging goals and has pledged to make 75-100% of our packaging recyclable, reusable, recycled or recoverable by 2025. We have also committed to increase the amount of post-consumer recycled (PCR) material in our packaging by up to 50% and have 100% of our forest-based fiber cartons FSC-certified by 2025. But to make real progress, we need to empower consumers to be our allies in shaping a sustainable future. We’re doing this by adopting practices and creating programs that make it easy for consumers to support our sustainability efforts such as the as take-back program already underway with M·A·C.



— AL IANNUZZI

VICE PRESIDENT, GLOBAL
CORPORATE CITIZENSHIP
AND SUSTAINABILITY
THE ESTÉE LAUDER COMPANIES

Back to M·A·C

case study

M·A·C, an **Estée Lauder brand**, uses ABS plastic in their black packs. Although it is technically recyclable, the material is not often collected in municipal recycling streams. To help ensure their containers do in fact get recycled, the “Back-To-M·A·C” program incentivizes consumers to return them. When consumers return six primary packaging containers to a store or by mail, they receive a free lipstick of their choice. The recovered materials are sorted and delivered to subcontractors to be crushed, washed, pelletized, and transformed into new packaging. This program drives good consumer behavior while also building a positive perception of the M·A·C brand.

THE ZERO-WASTE LIFESTYLE

With daily media coverage of ocean plastics pollution, consumers have never been more conscious of waste, and cosmetics packaging waste is no exception. According to GlobalData, **25% of consumers would buy more skin care products, or buy them more often if the products were unpackaged.**¹⁷ Gen Z consumers, in particular a growing cohort dubbed ‘precyclers’, are seeking out more sustainable options and buying unpackaged products, as well as those that are reusable and refillable. As brands such as **LUSH** cruise ahead with packaging-free products and “Naked Shops,” companies that don’t adapt their packaging strategies risk falling behind. The zero-waste movement is growing. Consumers will reward brands that are focused on reducing waste and that enable them to have a “waste-free” beauty routine.

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IN SUPPORT OF THIS REPORT

“Quantis’ Cosmetics Report outlines some of the key science-based actions that our industry can collectively take to scale and accelerate the transformations required to make tangible progress on sustainability. Well-worth the read.” — **Lisa Powers, Executive Vice President of Public Affairs & Communications, Personal Care Products Council**

“Consumers increasingly demand beauty products that are clean, safe, transparent, ethically sourced and sustainable. The only way to deliver these goals is to get serious about sustainability. Quantis’ report shows us how.” — **Gregg Renfrew, CEO and Founder, Beautycounter**

“Consumers are looking for transparency and product offerings that have a positive impact on our planet and society. Sustainability is no longer a trend, it is a license to operate. This report draws on Quantis’ expertise to empower beauty companies to tackle key environmental issues head-on and transform into sustainable and resilient businesses. We look forward to sharing this exciting resource with the Cosmoprof community.” — **Mattia Miglio, International Marketing Manager, Cosmoprof**

It’s time to make up the future. Is your business ready? Contact us to learn how to start set your cosmetics business up for resilient success:

makeup@quantis-intl.com

The Quantis logo is displayed in a pink, sans-serif font. It is positioned on a white rectangular background that has a soft, light-brown circular shadow behind it. The logo itself is partially overlaid by the shadow.

Quantis guides top organizations to define, shape and implement intelligent environmental sustainability solutions. In a nutshell, our creative geeks take the latest science and make it actionable. We deliver resilient strategies, robust metrics, useful tools, and credible communications.

With offices in the US, France, Switzerland, Germany and Italy and clients around the world, Quantis is a key partner in inspiring sustainable change on a global scale.

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A large, light-teal, curved decorative shape is located in the bottom right corner of the white background area.