GOOD SUSTAINABILITY PRACTICE (GSP)
FOR THE COSMETICS INDUSTRY

Cosmetics Europe
the personal care association

SUMMARY

EXECUTIVE SUMMARY

The cosmetics industry aims to serve consumers quickly, safely and efficiently with the most sustainable solutions. Cosmetics manufacturers are striving to maximise their positive impact and minimise any negative 'footprint' on the environment, economy and society in general. Business strategies are being re-assessed through a sustainability lens to analyse their contribution to this overall impact.

The entire cosmetics supply chain, from the initial sourcing of raw materials through to consumer use and disposal can have an impact on sustainability. This document, supported by global expert opinion from within and outside the cosmetics industry value chain, offers a catalogue of suggestions how to integrate sustainability into a company's overall strategy.

It recalls the fundamental roles that cosmetic products and the cosmetics industry play in our society. It explores, through life cycle thinking, the many approaches and tools used to evaluate the life cycle impact of a cosmetic product category, stressing the importance of taking all three pillars of sustainability into account.

The role of sustainability in a company's overall strategy is then explored further, with information on how to optimise the role it plays in the overall value chain.

The document gives practical advice on how senior decision makers in a small, medium or large cosmetics company can develop and implement a sustainability strategy.

Life cycle thinking and life cycle assessment are widely used in analysing product impacts and the resultant contribution to the company footprint. Understanding how to improve the footprint of a company is vital in improving the overall business sustainability but the temptation to reduce everything to one measure must be resisted. The most suitable and the most sustainable product is the one that fulfils the requested function and minimises the total impact over the full life cycle in all three pillars. Choosing the right combination of indicators is crucial.

The chapter on practical guidance suggests steps that can be taken to analyse, evaluate and report a company's current sustainability strategy and makes practical suggestions how to optimise it for the future. To achieve this, it is vital to work with partners up and down the value chain and with Cosmetics Europe and other industry associations to identify how to achieve the most sustainable impact.

Optimising sustainability may require investment. Over time, however, a positive return can be expected since good sustainability practice is good business practice. This document will help any cosmetic company to achieve that.

INTRODUCTION

Members of Cosmetics Europe have been actively involved in initiatives supporting the sustainable consumption and production (SCP) of cosmetic products for many years, some even for decades. The commitment of Cosmetics Europe's member companies to sustainability is embedded in the Cosmetics Europe mission statement: to support the development of an innovative, sustainable, competitive and respected industry in Europe, which best serves consumers and society.

Besides these individual company initiatives, Cosmetics Europe has identified the need to increase industry's awareness in the field of sustainability, and to provide some tools that will enable all cosmetic companies who are interested to develop, implement and report their own sustainability initiatives and programmes. Bearing in mind compliance with competition rules, common initiatives at trade association level will, however, be limited to exchanging information and providing advice.

The **objective** of this document is, therefore, to provide information and guidance to cosmetic manufacturers and to assist them in their efforts toward the sustainable production and consumption of cosmetic products.

Cosmetics Europe proposes to take a responsible and thoughtful **step-wise** approach, with each stage growing in complexity and depth, as its members' collective understanding of sustainability develops.

The first step is to get started: consider and understand life cycle thinking, select priorities relevant to the individual company. For example, companies starting on the journey can take advantage of published life cycle analyses for relevant product categories to guide their strategies. This document and the supporting references contain many pragmatic suggestions which companies of all sizes can readily implement. It will be supported by a training programme led by Cosmetics Europe.

BACKGROUND

The viability of companies depends on the viability of markets. The globalisation of companies and markets goes hand in hand with a globalisation of social, environmental and economic problems and the emergence of global approaches to solving these problems.

The concept of Sustainable Development was defined by the Brundtland Commission in 1987 as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. It contains the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given, and the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs (World Commission on Environment and Development, 1987). It is built on a **balanced consideration** of the three pillars of **economic development, social responsibility,** and **environmental protection.**

The Brundtland Report[1] formed the basis for the UN Summit in Rio de Janeiro in 1992 which produced concrete agreements on putting Sustainable Development into action. Industry and governments all played a part in trying to advance the agenda and progress was reviewed at the subsequent UN Johannesburg Sustainable Development Conference in 2002. The European Commission has led the way in attempting to integrate economic, environmental and social concerns into all areas of policy-making. Publications such as the Green Paper[2] and the Communication[3] on Integrated Product Policy and the Communication on the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan[4] focus on the biggest challenges to sustainability. In addition, the REACH Regulation[5] is also a substantive contributor to the sustainability agenda. As evidence of the EU's commitment, Sustainable Development is enshrined in the EU Treaty as one of the 'overarching' principles of all EU policies and a major guiding principle of the recently published EU 2020 strategy[6]. The need to move towards more sustainable patterns of consumption and production is more pressing than ever. For companies, contributing to sustainable development means being responsible and committed members of society, harmonizing economic, ecological and social

goals. This includes doing business in an ethical and legal manner and is inseparably linked with respect for human rights, the customs, traditions and the social values of the countries in which they operate. Products and technologies are designed to make a valuable contribution to society.

In this way, cosmetic companies have been active in helping to move the sustainability debate forward. Companies have increasingly broadened their voluntary efforts from individual environmental aspects to a holistic sustainability approach by extending their work into the field of Corporate Social Responsibility (CSR). This means that their focus has shifted to the implementation of sustainable concepts throughout their organization and their sphere of influence including their supply chain. Guidance on how to do this has, for example, been produced by the World Business Council. In its report entitled **'Sustainability Through the Market: Seven Keys to Success'**[7], it offers businesses a roadmap to implementing and benefiting from sustainable practices. The report can be found at *www.wbcsd.org*.

In order to move towards even more sustainable consumption patterns, a partnership approach between industry, regulators, consumers and other stakeholders is required. This partnership should aim not only at providing environmental information on product categories and related processes but also at educating consumers to behave more sustainably in order to cover the whole life cycle of products.

In order to use sustainability as a success factor in the market, companies are faced with the challenge of translating their sustainability performance into credible communication. This includes ensuring a fit between 'acting' and 'communicating' at product as well as at corporate level. Moreover, sustainable development is a challenge involving all stakeholders. Individual companies, whether large or small, must maintain an open dialogue with society about past achievements and future priorities on the road to sustainability, harmonising the needs of business and society in the long term. Cosmetics Europe therefore supports an approach based on life cycle thinking and involving the three pillars of sustainability.

LIFE CYCLE THINKING AND LIFE CYCLE ASSESSMENT

As part of Cosmetics Europe's Good Sustainability Practice (GSP), Life Cycle Thinking is taken as a starting principle, recognising that a balanced approach is necessary across the three pillars of sustainable development: economic, environmental and social. Life Cycle Assessment is the science underpinning the life cycle thinking.

Life Cycle Thinking and Life Cycle Assessment have been defined by the Joint Research Centre of the European Commission* as follows:

⇢ The concept of Life Cycle Thinking (LCT) aims at supporting decisions in public policy and in the private sectors by considering effects along the supply-chain and during the use and end-of-life management of products. The purpose of this approach is to avoid adverse effects that may counteract improvements made in other life cycle stages.

⇢ Life Cycle Assessment (LCA) is a structured, internationally standardised concept for quantifying the emissions, resources consumed, as well as potential environmental and health impacts that are associated with goods and services (products). LCA takes into account the product's full life cycle: from the extraction of resources, production, consumption and recycling up to the disposal of remaining waste

Standard LCA methods are not always available or easily applicable to cosmetic products, and will need some refinement in this sense.

Both Life Cycle Thinking and Life Cycle Assessment are most advanced on the environmental aspects and have the potential to include economic and social aspects, the other two pillars of sustainability.

THE THREE PILLARS OF SUSTAINABILITY

4.1
ENVIRONMENTAL ASPECTS

A number of tools are available to support assessments within the environmental pillar of sustainability. These tools have been designed with specific objectives and needs in mind and have different scopes and data requirements. Environmental Risk Assessment (ERA) provides an assessment on the safety of product ingredients for humans and the environment. An environmental management system (EMS) ensures optimisation of resource use and manufacturing outputs in terms of wastes and emissions, whilst protecting employees' safety.

ERA is the fundamental tool used by producers, users and regulators around the globe to determine the objective environmental safety of an ingredient. ERA assesses the various environmental compartments which are relevant for the product type in a framework that compares environmental loading (exposure or relevant concentration after any mitigating effects such as biodegradation or wastewater treatment) to potential hazards (potential effects from the material or its breakdown components) to define the margin of safety. The biggest challenge for environmental assessments is that the assessor often not only needs to consider a particular product formula use, but rather the total volume potentially used of the material in question within a specified country or region and environmental compartment (e.g. wastewater, air, landfill). Why? The environment does not get exposed to formulations, but rather the ingredients get disassociated from the formulation and the environment experiences the potential combined impact of the total volume released from all sources. For example, shampoos ultimately end up going down the drain, and their ingredients as well as all other products go through waste water treatment and discharge in mass versus on a product by product basis. There are a number of published standards for doing these assessments, however, the one which will be of most value

are the guidance documents published by ECHA (the European Chemicals Agency[*]) for REACH assessments (Guidance on information requirements and chemical safety assessment[8]).

EMS combines regulatory requirements in terms of identified risk management (e.g. personal protection equipment) and systems to identify and track wastes and emissions in order to define controls to reduce these loses. A properly designed EMS will not only be good for employees and the environment, but will also reduce wastes and other costs and thus increase profits. There are a number of reference materials to help design a proper EMS, however ISO 14000/14001[9] is probably the best starting point. These tools have a focus on a particular stage of a product life cycle, with ERA looking at consumer use and disposal and EMS often focused on manufacturing only. LCA, however, provides a holistic impact assessment and integration of the resource use and environmental burdens associated with a product over its whole life cycle. LCA is designed for a comparative purpose based on environmental impacts, whereas ERA is designed in a precise and conservative manner for the risk assessment of a substance.

Society has become concerned about issues such as natural resource depletion or environmental degradation. The environmental performance of products and processes has become a key consideration. Many businesses have responded to this awareness by assessing how their activities affect the environment, reducing non-renewable resources, using 'greener' processes and investigating ways to improve their environmental performance in a holistic way. Many companies have engaged in exploring ways of moving *beyond* compliance using pollution prevention strategies

[*] www.echa.europa.eu

and environmental management systems to improve environmental performance. Member companies of Cosmetics Europe have contributed significantly to the development of LCA through bodies like the Society for Environmental Toxicology and Chemistry (SETAC) and subsequently to ISO in the development of ISO standards for LCA.

LCA comprises basically three parts:
- definition of goal (why the LCA is carried out, e.g. marketing claim documentation, benchmarking existing product for eco-design improvement, etc.), scope (functional system) and process system boundaries (e.g. infrastructure may be included or not, only energy may be considered for the study, material recycling benefits allocation to avoid double counting, account for carbon uptake by plants growth (in paper for example), account for land use or not, etc.)

- the construction of a Life Cycle Inventory (LCI) which identifies the important inputs (resources and energy) and outputs (emissions, wastes and discharges) over the whole Life Cycle

- impact assessment to evaluate the relative impacts from each of the Life Cycle phases and the establishment of areas for improvement.

An LCA covering the entire life cycle evaluates all stages of a product's life from the perspective that they are interdependent, meaning that one operation impacts the next and at the same time is impacted by the one before. By including the impacts throughout the product life cycle, LCA provides a comprehensive view of the environmental aspects of the product or process and a more accurate picture of the true environmental trade-offs in product and process selection, from raw materials to disposal. Therefore, Cosmetics Europe takes the view that the LCT / LCA approach for product design and communication to the consumer or other stakeholders should include all stages of the product's life cycle, including the use phase and end of life ('cradle to grave').

The whole life cycle approach carries with it a degree of variability and uncertainty. For example the impacts of raw materials transport or of water usage can vary greatly due to geographical location. Therefore, care must be taken in the use and presentation of LCA outcomes as an absolute result. However, within a specific study context, the comparative nature of LCA based on product categories can be a strength that is unique to this environmental assessment tool. However, life cycle thinking is absolutely fundamental to making progress on sustainability.

SOCIAL ASPECTS

Cosmetic products play an essential role in everyone's life. Each day, 450 million Europeans use a variety of cosmetic products such as soap, shampoo, conditioner, deodorant, toothpaste, shaving cream, skin care, cleanser, perfume, make-up, etc. In a competitive and stressful world that demands vitality, energy and good health, cosmetics are increasingly performing an important role for individuals and for the society as a whole.

The most obvious societal aspect of cosmetic products is their contribution to good hygiene, acceptance by others and to self-esteem[10], which are essential for the population's sanitary conditions, health and well-being. Safe and efficient cosmetic products provide consumers with daily benefits: soap, shampoo and toothpaste keep the skin, scalp and teeth respectively clean and healthy, sun care products protect against the harmful effects of UV rays. In addition, a robust and competitive industry contributes directly to the wealth of the communities in which it operates by e.g. providing employment, paying taxes and engaging in social developments that ensure good working conditions.

The fact that the cosmetics industry has a strong sense of social responsibility is reflected in many projects and programmes such as the worldwide collaborative initiative 'Look Good Feel Better' *(www.lookgoodfeelbetter.co.uk)*. This is a cancer support charity that helps women manage the visible and emotional side effects of cancer treatment through the use of cosmetic products.

In addition, social engagement plays an important role in the culture of many cosmetic companies, involving their employees and retirees, customers and consumers, to meet social challenges. Through volunteer projects, often in cooperation with local or international organisations, cosmetic companies and their employees make contributions to improving sustainability. Encouraging volunteer work benefits everyone involved: communities, the company and the employees themselves. Through this, employees not only expect companies to benefit society; they also want to make a contribution themselves. In this way, companies significantly contribute to a positive social development, independent of the products produced or the processes managed.

The working conditions of employees, including safety in the workplace throughout each step of the supply chain in the life cycle, are another important social aspect addressed by our industry. Permanent improvements are key to delivering positive impacts for employees.

Suitable training to enable employees to meet their responsibilities, fair compensation, as well as a positive work climate are essential, as are respecting the personal dignity and safeguarding the privacy rights and equality of all employees. Continuously improving occupational health and safety and ensuring the employees' long-term motivation and capacity to work are also fundamental.

ECONOMIC ASPECTS

Economically secure and sustainable enterprises are essential to promoting effective protection of the environment and to driving social progress.

Through all their offices, operations and along the supply chain, cosmetic companies stimulate the economic development at the local level. In many places, companies are an important employer and local business partner. Beyond the creation of jobs, significant portions of the sales revenue flow back into the local economy, both directly and indirectly.

To be economically successful, companies must be flexible and innovative in the allocation of resources and the development of their activities, wherever they operate. Employees and management staff are subject to a variety of cultures, local laws and regulations in operating their diverse businesses. Within companies, business ethics set standards of conduct to be respected by all employees.

This includes competing fairly and making decisions on the basis of rational economic criteria, within the bounds of relevant laws, standards and norms. Companies are judged not only by their short term profit but also in the way that they interact with shareholders, employees, customers, suppliers, competitors, government, communities and the environment. The good sustainability practice of a company is crucial to its long-term success.

The cosmetics industry represents an important economic sector with several thousand companies, and direct and indirect employment of more than 500,000 people. Over five billion units of cosmetic products are sold in the European Union every year. The European Commission's Directorate General Enterprise and Industry quotes total annual sales of € 63 billion, almost half the global total *(http://ec.europa.eu/enterprise/e_i/news/ article_6940_en.htm)*.

GOOD SUSTAINABILITY PRACTICE
PRACTICAL GUIDANCE

Cosmetics manufacturers must comply with the legal requirements of relevant legislation, including competition law. Additional voluntary initiatives can provide more benefit to the industry, its employees and its consumers, and can contribute to the sustainability of the industry and of its products.

Broadly speaking, individual companies can take the following action steps:
⇢ Define the company strategy and its individual point of focus
⇢ Define long term and short term objectives
⇢ Identify and take actions
⇢ Measure the achieved results (Key Performance Indicators – see section 5.4)
⇢ Assess the achieved results against objectives
⇢ Report
⇢ Define corrective actions, where needed.

To assist in this process, if not yet done so far, individual companies should have their own Management System approach to the environmental aspects of their business. A proper Environmental Management System is a management tool enabling an organization of any size or type to:
⇢ identify and control the environmental impact of its activities, products or services,
⇢ improve its environmental performance continually,
⇢ implement a systematic approach to setting environmental objectives and targets, to achieving these and to demonstrating that they have been achieved.

If companies do not have yet a Management System, they can consult the ISO Management Standards as an option for guidance *(www.iso.org/iso_14000_ essentials.htm)*. Guidance can also be obtained from the Eco-Management and Audit Scheme, EMAS, the European Union's voluntary scheme designed for companies and other organisations committing themselves to evaluate, manage and improve their environmental performance[11]. Unlike for ISO, compliance with EMAS can be recognised by a specific logo.

In the following sections, practical suggestions are made to companies with regard to actions that they may want to take in order to move towards a more sustainable consumption and production of cosmetic products.

LIFE CYCLE ASSESSMENT

Practical guidance on how to apply LCA is available from various sources. Here reference is made to the guidance developed by EUROPEN, the European Association for Packaging and the Environment[12]. It contains helpful suggestions, which can be useful to any company.

Before participating in an LCA study or sharing data, the following items should be addressed and discussed in an open and transparent procedure by all participants:

Transparency
one of the most important ISO requirements; it applies to all stages of the life cycle study, and especially to all assumptions and value choices involved;

Scope
the scope of the study must be clearly defined, the limitations clearly stated; the names of participants in the study should be listed;

Objective
the objective of the study must be clearly stated, discussed with and commonly understood by all the involved stakeholders; the decisions which should be taken on the basis of the study's results should be defined;

Critical review
when the LCA study is intended to be used for an environmental claim to be disclosed to the public for purposes of comparative assertion, ISO requires a critical review of the study; this is to allow an independent review of the study by external experts;

System boundaries and functional unit
the system boundaries and the functional unit must be defined and related to the overall service provided;

Quality of data
requirements for the quality of data, level of technology (to be comparable with data from other participants and data sources), validity period of data and validity period of the study must be defined;

Energy model*
the energy model must be relevant and discussed with all stakeholders; when evaluating electrical energy consumption, the relevant grid production mix shall be used.

Allocation models
allocation models must be transparent and sensitivity tests are necessary for all major allocation models;

Impact categories
the chosen impact categories must be defined. So far, there is only a broad international agreement on impact assessment methods for the categories of 'climate change' and 'ozone depletion'. Significant uncertainty exists regarding aquatic pollution impact assessment methodologies and, so far, the EU Ecolabel for shampoos, shower gel and hair conditioner uses two complementary methods, namely the VCDTox** and the DPD (former Dangerous Preparations Directive) to assess the aquatic pollution. Recent activities under the SETAC/UNEP Life Cycle Initiative umbrella achieved good progress in the development of a consensus model (USEtox). Any prioritisation and weighting of impact categories should be transparent and clearly state and justify the value choices involved. Preferably, these steps should be defined at the beginning of the study.

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* *Electrical energy is produced from different sources in different countries and consequently has significantly different environmental impact. Although the European electrical grids are linked, the transport capacity between national grids is limited.*
** *Critical Dilution Volume toxicity*

In comparative studies disclosed to the public, weighting (aggregation of results across impact categories to achieve a single score figure) is not ISO compliant.

Interpretation of results
⇢ the results of the Life Cycle Inventory (LCI) and, if conducted, the Life Cycle Impact Assessment (LCIA) need to be qualified, checked and evaluated as a basis for conclusions and decision-making; the interpretation should include:
. identification of significant issues, such as inventory categories (e.g. energy use, emissions, waste), impact categories (e.g. climate change) or essential contributions from processes or life cycle stages (e.g. transport, energy generation);
. completeness check to verify whether the gained information is sufficient to justify the conclusions;
. consistency check to verify that assumptions, methods and data are consistently applied throughout the study;
. sensitivity check to verify the reliability of the final results and conclusions by determining uncertainties in all steps of the study.

Communication of results needs to be carefully considered due to a number of factors
⇢ Assumptions are typically needed to define the model. Hence, these need to be communicated with the results.
⇢ Comparisons between LCAs, due to assumptions and different background data, are fraught with potential complications. It is very difficult to get a true like-to-like comparison. Again, these differences need to be fully understood and be part of the communication.
⇢ The LCA process yields a number of metrics versus a single result and, hence, all elements need to be communicated as there are potential tradeoffs.
⇢ LCA is not a totally perfect sustainability assessment as there are factors which are not part of the modelling, e.g. habitat impacts (e.g. rainforest deforestation), renewable versus non-renewable sourcing, etc.

Further information and guidance can be found on the European Commission's Joint Research Centre Life Cycle website *(http://lct.jrc.ec.europa.eu/publications)*, including the International Reference Life Cycle Data System (ILCD) Handbook[13].

5.2

ENVIRONMENTAL ASPECTS OF THE MAIN PHASES IN A COSMETIC PRODUCT'S LIFE CYCLE

5.2.1
MANUFACTURING

Manufacturing of cosmetic products is an integral part of their life cycle, from raw material extraction to product manufacture, distribution, use and disposal. Many initiatives have been already instrumental to reducing its environmental impact.

However, reducing the cosmetics industry manufacturing impact to a larger extent is possible and remains a critical element to respect the planet and, therefore, to comply with the commitment to address the environmental pillar of sustainable development. Any new voluntary initiative in this area would provide even more benefit than simply complying with the related legislation.

Individual company goals should take into consideration cutting water and energy consumption as well as waste, generally reducing carbon footprint and obtaining more materials from sustainable sources. Sustainability reports from individual companies show that real achievements have already been made and that opportunities still exist to further reduce the cosmetics industry's impact on the environment.

Further tips for progress:
- Review current input, manufacturing processes and output
- Identify risks and risk management measures
- Keep abreast of state-of-the art technologies
- Seek internal and external advice on how to progress
- Form partnerships with suppliers.

In more concrete terms:
- Consider reducing temperature during manufacturing or filling by application of new technologies such as cold emulsification technology.
- Explore options for optimisation of cleaning procedures with the aim of using less washing water and/or reducing its temperature.
- Consider insulation measures for buildings (walls, windows) to reduce energy consumption for heating and air conditioning; same for hot water piping;
- Explore options for optimisation of production planning (sequence of batches produced using same equipment), ideal sequence may save some washing steps;
- Consider replacement of old equipment by new, energy efficient electrical devices (e.g. pumps, extruders).
- Consider 'energy recycling' from hot waste water or air.

5.2.2
PRODUCT FORMULATION

Cosmetic products must comply with the requirements of the cosmetics legislation: Directive 76/768/EC[14] and the new Regulation 1223/2009[15].

Mandatory requirements to ensure human safety of cosmetic products:
- Ingredients used must be in compliance with the Annexes of the EU cosmetics legislation;
- The ingredients and the final formulation have to undergo an expert safety assessment regarding human safety in accordance with the EU cosmetics legislation and the SCCP Notes of Guidance[16]

Mandatory requirements to ensure products' environmental safety:
- Respect the CITES Regulation (EC) N° 338/97 (endangered/protected species) for raw materials[17]
- Ensure compliance with the REACH regulation[5]
- Ensure compliance with occupational safety requirements for raw materials

In addition to complying with the legal requirements, companies may consider taking voluntary action to

enter the field of sustainability or to progress further, if starting from a more advanced level, for example:

⇢ Consider the entire life cycle of your raw materials and products.

⇢ Assess the environmental profile of substances used as ingredients in cosmetic products:

. Define a threshold value for a PEC/PNEC* ratio as described in the COLIPA guidelines for assessing the environmental impact of cosmetics (requires a comprehensive set of data for the respective substance)[18].

. Request from suppliers or investigate the degree of biodegradability, the bioaccumulation potential and the aquatic toxicity of raw materials used; calculations on the formula level give an opportunity to optimize each product for environmental impact; consider compliance with EU regulation also in countries/regions where this is not mandatory;

. In the case of volatile substances, consider their potential to induce ground-level ozone formation and optimize your product's environmental profile by selecting appropriate ingredients;

. Define criteria in order to select raw materials with respect to their environmental balance (energy and water consumption, emission to water and air, waste formation).

When carrying out a preliminary risk-assessment at the stage of selecting ingredients, consider the environmental and/or human health hazard associated with substances used as ingredients in cosmetic products:

⇢ Ensure full compliance with requirements of the chemical and cosmetics legislation, respectively;

⇢ Define criteria in order to identify substances that you will not employ as ingredients, e.g. you could use the criteria for the identification of PBT / vPvB substances (REACH, Annex XIII); check the Registry

of Intentions on the ECHA website (http://echa. europa.eu/chem_data/reg_intentions_en.asp) to check for substances which may become under scrutiny;

⇢ Look into environmental and/or human health hazards of your ingredients and decide for suitable alternatives with a lower hazard level for a specific function if available;

Look into the question of the extent of using limited resources:

⇢ Consider the use of chemicals derived from renewable resources (originating from biological organisms), risk of transmission of diseases in the case of animal derived materials, the CITES list of endangered or protected species[19] or responsible land use in case of plant derived materials;

⇢ Reduce concentration of ingredients with environmental profiles of concern by formula optimization at sustained performance;

⇢ If compatible with company policy, criteria for organic ingredients or fulfilling principles of sustainable agriculture may be considered for plant-derived materials used in specifically positioned products;

⇢ Energy consumption / carbon footprint for the manufacturing and transport of ingredients can be requested from suppliers or calculated on the basis of proprietary data from them or from publicly accessible sources; knowledge provides opportunity for optimisation by supplier selection (e.g. by geographical proximity);

⇢ In the case of products for cleansing/conditioning skin or hair, consider optimization of products for reduced volume of rinsing water (chemical composition of formula, product form); non-rinse products for particular purposes (e.g. wipes);

⇢ Reduction of energy consumption during manufacturing by optimization of formula and/ or manufacturing instructions (e.g. reduced temperature or no heating at all);

Explore options to contribute to human health by providing innovative / optimized cosmetic products (watch-outs: borderline discussion to pharmaceuticals or biocides):

- Oral care products with improved profiles concerning preventive characteristics;
- Cleansing products which can contribute to improved hygiene;
- Innovative/optimized products for protection of skin or hair from damage by UV-light. Explore options to improve consumer's quality of life by providing innovative cosmetic products (e.g. with an improved performance for less impact on the environment):
- Consider formulating and marketing of cost-optimized products of all types for value-offers distributed in countries with a lower average income level;
- Consider formulating and marketing of products which are suitable for special consumer target groups (sensitive skin, patients under chemotherapy, consumers with a tendency to exaggerated sweating);

Apply sustainability criteria in the selection of raw material suppliers:

- Consider cooperation with fair-trade organizations;
- Consider contributing to reduction of land use e.g. by cooperation with the Roundtable on Sustainable Palm Oil (RSPO[*])
- Consider selection of suppliers which have established and are publishing a sustainability policy.

Consider the Green Chemistry approach, which consists in chemicals and chemical processes designed to reduce or to eliminate negative environmental impacts. The use and production of these chemicals may involve reduced waste products, non-toxic components and improved efficiency.

Further information, including the 12 Principles of Green Chemistry can be found at *www.epa.gov/ greenchemistry/pubs/about_gc.html*

5.2.3
PACKAGING

Packaging makes a valuable contribution to economic, environmental and social sustainability through protecting products, thus preventing product loss and degradation, enabling efficient business conduct and by providing consumers with the benefits of the product it contains. Its fundamental role is to deliver the product to the consumer in perfect condition. In many cosmetic products, the packaging is also critical to the application and function of the product in use. For some products, it also performs a key role in making the whole product/ package attractive, desirable and acceptable to the consumer, contributing to their sense of self-image and well-being. The challenge for the packaging designer is to maintain or enhance the consumer acceptance and impact of the packaging, while supporting sustainability objectives.

In the European Union, packaging is mainly regulated under the Packaging and Packaging Waste Directive[19] which establishes common rules for packaging. Its objectives are to help prevent obstacles to trade and to reduce the environmental impact of packaging. The Directive contains Essential Requirements, the purpose of which is to:

- keep packaging weight and volume to the minimum amount needed for the safety, hygiene and consumer acceptance of the packed product,
- keep noxious or hazardous constituents to minimum, and
- ensure that packaging can be re-used and/or recovered once it has been used.

A suite of CEN standards for demonstrating compliance with the Essential Requirements is published and formally recognised by a European Commission Communication 2005/C 44/13[20]. The standards provide a practical and effective route to compliance. EUROPEN, the European Organisation for Packaging and the Environment, has developed a document which can be referred to 'Essential Requirements for Packaging in Europe: a Practical Guide to Using the CEN Standards'[21].

Practical guidance on how companies could build a sustainability strategy for packaging has also

* www.rspo.org

been developed by EUROPEN: Packaging in the Sustainability Agenda: a guide for corporate decision-makers'[22]. The guide applies the Deming PDCA (Plan, Do, Check, Act) cycle[23] a model that can guide the process of developing a sustainability strategy. It is intended to be a repeated and continuous cycle:

Plan
recognise an opportunity and plan ahead for change; design or revise business process components to improve results;

Do it
execute the plan, taking small steps in controlled circumstances and measure its performance;

Check
study the results; assess the measurements and report the results to decision makers;

Act
take action to standardise and continually improve process performance; repeat the cycle.

In order to make a positive difference, a holistic approach along the entire packaging value chain is needed.

Another guide can be obtained from the Sustainable Packaging Coalition *(http://www.sustainablepackaging.org/ content/?type=5&id=design-guidelines)*. EUROPEN and the SPC are the two leading advisors to the Global CEO Forum for Packaged Consumer Goods. Overall, the packaging designer needs to make its package functional, consumer acceptable and to minimise the impact on the environment, taking account of all of the phases of life cycle thinking. Among the main considerations in packaging design are:

Performance
This is likely the most obvious element. Any package design must have some specific technical function and performance elements designed in or it will neither meet the requirements of regulations nor be acceptable to consumers. The main questions to address are:

1 Does the package protect the product from degradation, contamination, losses, etc. during storage, shipment and use?
2 Does it deliver the product in a form that is usable and desirable by the end user?
3 Is the design cost effective?
4 Does it meet or exceed the regulatory and trade requirements where it will be offered for sale? Labelling elements should be considered as well here, such as green dot and recycle symbols. One big element to consider is the packaging usage at the minimum required to deliver the product in a safe, protected and usable form (e.g. headspace has been reduced to the minimum needed).
5 Is the packaging designed to allow optimized use of shipping?

In addition to these functional or technical design criteria there is another performance element: appearance. The cosmetics industry recognises that consumer frequently have aesthetic expectations relating to cosmetic packaging which needs to be designed in such a way that it communicates to and meets the expectations of the consumer regarding product performance and design. This aspect of consumer acceptance is important and, consequently, Good Sustainability Practice will apply differently to different product types and market segments. For some categories, glass bottles might be most appropriate to convey the message of excellence expected by consumers, while in others light weight plastics would be consumer preferred. Secondary cartons may be required for providing labelling text or to protect the product from damage or theft, whereas this is less of a concern for other channels of distribution or product types. Additionally, professional use packaging may have to be, for instance, more robustly designed than consumer use packaging.

Material Choice
While material choice is often driven by performance or regulatory needs, there are other factors which should be considered.
1 Has the use of recycle plastic been considered or optimized? One caveat here is that careful consideration on performance and safety needs to factored in.

2 Does material sourcing consider transport?

3 Does the supply chain practice good environmental stewardship in terms of waste reduction, social and economic elements?

4 Are the materials and dyes/pigments/inks safe for consumers and the environment? Food grade dyes are often one way to ensure this. Are there REACH defined substance of very high concern in the material at greater than 0.1% which will need to be communicated throughout the supply chain.

Resource Recovery

1 Is the packaging designed in a manner which allows ready recycling or recovery by the user consistent with the infrastructure available?

2 Is the packaged clearly marked such that recycling is encouraged.

3 If using a renewable or biodegradable material, it is important to understand whether this is actually relevant in how the package will be recovered or disposed. For example, having a biodegradable package which ends up in a landfill may have minimal environmental value as degradation in landfills is limited.

4 If considering reuse, the suitability of the product form for such reuse needs to be carefully considered. Once primary concern here is safety due to potential contamination.

In this work, one should not simply focus on the elements of the primary package, but should consider the secondary and tertiary packages as these can also be an impact and hence an opportunity area. For example, shipper containers can often comprise even higher recycle content and if designed properly with the primary containers, be of lighter weight.

Both EUROPEN and SPC have projects and guidelines which can help in these and other aspects of sustainability.

5.2.4
DISTRIBUTION

Transportation of ingredients, materials, packaging and products can be an important component of cosmetic products' life cycle. With fuel accounting for at least 30% of transport operating costs, and increasing pressure to reduce CO_2 emissions, there is a real opportunity to drive improved fuel economy within existing fleets and assets through the application of some simple principles, such as:

⇢ maintain correct tyre pressures and replace worn tyres;

⇢ correctly maintain the vehicle fleet;

⇢ manage the aerodynamics of the vehicle;

⇢ choose the appropriate route;

⇢ cut-down on unnecessary wheel load;

⇢ implement driver training, performance monitoring and improvement programmes;

⇢ manage the aerodynamics of the load.

A greater use of technology in industry's logistics operations can help reduce fuel consumption, improve planning, monitor vehicle and driver performance and reduce operation costs and environmental impacts. An online resource is available from ECR UK Technology Workgroup to provide a practical support guide to help companies decide which solutions, potentially supported by technology best suit their needs *(http://www.igd.com/index.asp?id=1&fid=5&sid=43&tid=59&foid=52)*.

Increasingly, the drive for lean and agile supply chains, and the move to stockless and flow-through operations, is driving stock back up the supply chain and resulting in the need for smaller, more frequent deliveries. This can lead to additional costs and result in sub-optimal deliveries for suppliers, large and small, decreasing the level of vehicle fill. The use of consolidated distribution networks can be an important means to achieve a sustainable distribution. One significant area of opportunity is in increasing load utilisation – 'filling the cube'. The most commonly used methods for quantifying how 'full' vehicles are tend to be based on the number of pallet (or other shipping unit) footprints that are carried by the vehicle.

Further information on sustainable distribution can be found on the website of The Food and Grocery Experts, *www.igd.com*.

Companies can establish and maintain control arrangements for the safety evaluation of their products to ensure that they are safe throughout the

distribution chain, from manufacturer to consumer, and survive in acceptable condition. This can be achieved by:

. evaluating the safety of product during distribution in terms of foreseeable mishandling and accidents as well as intended handling;
. verifying that the product is in compliance with the legislation governing the Transport of Dangerous Goods.

Delivery of the packaged product in an acceptable condition to retail premises and then to consumers is the very first function of packaging. Stability of secondary and tertiary packaging is a key contributors to sustainable consumption by preventing product damage during distribution.

Transport occurs at all levels in the product system and is under high pressure for fuel-related emissions. The European Parliament and Council Regulation 715/2007[24] contains common requirements for emissions from motor vehicles and their specific replacement parts (Euro 5 and Euro 6 standards). In order to limit as much as possible the negative impact of road vehicles on the environment and health, the Regulation covers a wide range of pollutant emissions: carbon monoxide (CO), non-methane hydrocarbons and total hydrocarbons, nitrogen oxides (NO_x) and particulates (PM).

Euro 5 is in force since 1 September 2009 for the approval of vehicles, and will enter into force on 1 January 2011 for the registration and sale of new types of cars. Euro 6 standard will come into force on 1 September 2014 for the approval of vehicles, and on 1 January 2015 for the registration and sale of new types of cars.

5.2.5
PRODUCT USE PHASE (CONSUMPTION)

The primary impacts of cosmetic products differ by category sectors. It has been well documented that for cleansing products including shampoos, soaps, hand washes, etc., the use phase can be a significant contributor that cannot be overlooked for a product's environmental impact. For example, LCAs have been carried out on shower gels, shampoos

and hair conditioners by members of Cosmetics Europe and, in addition, by the Chalmers University[*] in Sweden and the consultancy Ecobilan[**] in France. All the LCAs have been carried out according to the SETAC[***] Guidelines for Life Cycle Analysis and the ISO standard series 14040[25]. The LCAs have examined the whole supply chain from the production of raw materials to the use and final disposal of the product, with some very consistent conclusions:

⇢ the most important phase, from the environmental point of view, is the consumer use of the product, since the majority of the energy used (approximately 90%) is associated with heating the water to shower, to bathe or to wash hair.
⇢ since generally energy generation is often responsible for the emission of pollutant gases such as CO_2, SO_2 and NO_x and for the production of solid waste, it is also evident that the use phase may be responsible for the largest contribution to solid waste and air emissions.
⇢ since products are discharged down the drain after use, the impact on the aquatic environment can be largely associated with the toxicological and degradation properties of the ingredients.

These LCAs have concluded that the most significant reduction in the environmental impact of a shower gel, shampoo or hair conditioner will derive from the reduction of energy consumption during the showering/washing process. Whilst it is unrealistic to expect that consumers would wash in cold water, there are opportunities to educate consumers in how best to use products in a systematic way and thus, overall, to reduce the energy consumption.

The provision of products which satisfy consumers' expectations more efficiently and optimise ingredient use with respect to concentration and compatibility, is not sufficient in itself. The achievement of a reduction in the environmental impact of the process has a very distinct consumer dimension. However, responsibilities also remain with producers to improve their processes for manufacturing the finished products; often these come with cost reductions.

Information provided to consumers about simple actions that they can take, such as:

→ spending less time in the shower,
→ reducing water temperature by 1° or 2°C,
→ turning off the tap during tooth-brushing;
→ dosing the correct amount of product for the purpose,
→ drying hair using a lower setting on a hair drier or naturally without a dryer, which will also benefit the health of the hair, will help them engage in sustainable behaviours and yield significant reductions in the environmental footprint of products such as shampoos and shower gels.

As shown above, the use phase of consumer products is often shown to be very critical for the final LCA result. LCA studies measure environmental differences between alternatives that perform the same function. Typically, the use pattern of products defines the performance delivered. It is, therefore, essential to have good insight on use patterns for a fair comparison. It is also important to understand if an average use pattern is realistic or if products tend to have segmented use patterns.

Information on use pattern may include:

→ amount per use: recommended vs. actual dose;
→ use frequency: is use frequency only impacted by the function under study or could alternative uses with the same product increase usage figures?
→ in case of product available in different sizes, are use patterns the same for small and larger sizes?
→ additional processes with product use: what is the relative importance of these processes in the total? For example, in hot water applications (as with shampoo), it is important to know temperature differences, amount of hot water used and heating appliance efficiency (gas vs. electrical boiler)

POST-USE PHASE:
COLLECTION, REUSE, RECOVERY AND DISPOSAL OF PACKAGING

There is no unique solution for the management of packaging waste. The optimum mix of waste management techniques (reuse, recycling, incinerating with energy recovery or composting) will depend upon a variety of factors including infrastructure and consumer habits, the degree of investment made in modern separation and processing systems, as well as the type and makeup of the packaging itself. Hence, considerations between market capabilities and norms and appropriate packaging choices need to be factored into impact analyses.

In order to be efficient and environmentally sound, all recovery systems need to achieve high collection rates of packaging waste. Manufacturers must offer products which meet any local regulatory requirements for post-use collection and disposal. The material choices and design should be such that encourage and enable consumers and municipalities to maximise appropriate collection and disposal at the market level. However, collection depends on several factors outside the packaging supply chain's control: consumer awareness, proper stock rotation in stores, efficient promotional management, forecasting and inventory control, local demographics, availability of efficient recovery and recycling technologies, etc. Variations in the performance of collection schemes often correlate with complaints of lack of information or of confusion. Companies can support higher awareness by participating in or initiating education campaigns. They need to work together with national associations, politicians, municipalities, waste management companies, retailers and packaging manufacturers to design the most appropriate solution to any particular problem in any given region.

European Union's Waste Framework Directive 2008/98/EC[26] aims to prevent and reduce the generation of waste. Given that packaging prevents product wastage, it is making a significant contribution to that goal.

For some cosmetic product categories, where product quality can be assured, reuse of packaging can be considered. This is most commonly achieved through offering of refills. If applicable, the packaging needs to be designed such that it withstands a number of such rotations within its life cycle before being recovered, when it can no longer be used. There is no general preference for reusable or non-reusable packaging; the choice depends entirely on the local supply chain and market.

Recycling plays a key role in the environmental performance of many materials. For example, recycling aluminium saves up to 95% of the energy required for virgin materials; recycling PET saves around 50% of the energy. Recycling should be adopted when it results in lower environmental impacts than alternative recovery options and where other requirements, such as safety, are met. Some types of recovered material are also a valuable source of energy (incineration with energy recovery). Therefore, recycling needs to be considered within a balanced approach to packaging recovery.

There is no unique solution for managing packaging waste. The best mix of options depends on local conditions, especially the demographics and the degree of investment made in modern processing systems. Determining the best mix of options for managing packaging waste thus requires a careful consideration of both package design and external factors, where life cycle assessments can give valuable decision support.

SUSTAINABILITY INFORMATION AND COMMUNICATION

All societal actors, including the cosmetics industry and its customers (retailers and consumers), have their role to play in developing and implementing the overall sustainability agenda. The cosmetics industry's responsibility is not only to work on improving its own sustainability practices, but also to inform consumers about the sustainability and the sustainable use of cosmetic products. In Cosmetics Europe's view, **sustainability-related information** about products, communicated to consumers, must be
- based on risk and underpinned by sound science and harmonised methodologies;
- LCT (Life Cycle Thinking)-based;
- simple, easy to understand and credible (see first two items above);
- meaningful and helpful in achieving the targeted goals;
- truthful (not misleading)

and it must also
- reflect the broad consensus of stakeholders (regulators, manufacturers, retailers and consumers)
- respect competition law.

Provision of information on the sustainability of products should be part of a holistic approach, including education campaigns, in order to influence consumer behaviour in general and purchasing decisions in particular. It should, in any case, be in compliance with the various pieces of relevant legislation:
- Cosmetic Products Regulation (1223/2009);
- Unfair Commercial Practices Directive (Directive 2005/29/EC)
- Misleading and Comparative Advertising Directive (Directive 2006/114/EC)

→ Audiovisual Media Services Directive (2007/65/ EC amending 89/552/EEC, setting claims quality standards for advertising on TV)
→ Electronic Commerce Directive (Directive 2000/31/EC)
→ Article 3 of the EC Treaty (Principle of free movement of goods: national rules on claims may not impede intra-EU trade).

There are many ways of communicating with consumers including off-pack leaflets, in-store information, websites, advertising, product labels, education campaigns, etc.

The European Commission has published **guidance on environmental claims**[27], as part of its guidance on the implementation / application of Directive 2005/29/EC on unfair commercial practices, also known as the UCPD. In this document, it is explained that 'environmental claims' or 'green claims' refer to the practice of suggesting or otherwise creating the impression (in the context of a commercial communication, marketing of advertising) that a product or a service is environmentally friendly (i.e. it has a positive impact on the environment) or is less damaging to the environment than competing goods or services. The UCPD does not discourage the use of green claims and provides a legal basis to make sure that traders use green claims in a credible and responsible manner. The application of the provisions of the Directive to environmental claims can be summarised in two main principles:
→ based on the Directive's general clause, traders must, above all, present their green claims in a specific, accurate and unambiguous manner;
→ traders must have scientific evidence to support their claims and be ready to provide it in an understandable way in case that the claim is challenged.

The UCPD prohibits certain misleading environmental claims; these are listed in Annex I of the Directive.

Product comparisons involving environmental claims must be assessed under the criteria set out by the Directive on Misleading and Comparative Advertising 2006/114/EC[28].

The European cosmetics industry is committed to providing consumers with information on all relevant characteristics of cosmetic products. Specifically, it supports factual, transparent communication to consumers about genuine and meaningful product impacts related to greenhouse gas emissions and other environmental indicators in order to shape consumer behaviour towards appropriate and responsible choices. **Carbon footprinting** can be an important tool to identify the most meaningful greenhouse gases reduction opportunities for a given product or category of products. However, communication of a product's carbon footprint via, for example, on-pack labels and without addressing all other significant environmental impacts is a source of significant debate, as it only gives part of the overall picture. Placing a singular focus on carbon could be misleading or result in shifting environmental burdens to other indicators. Product assessments need to be holistic and consider all relevant impacts, as measured across a range of environmental indicators, throughout the full life cycle of the product.

5.4
SOCIAL AND ECONOMIC DIMENSIONS

The world is facing huge sustainability challenges that can be categorised in many ways. For instance, the world can no longer be considered as a single market place. Globalization today must face up to the reality of our multi-polar and multi-cultural world, where the most robust economic growth is in emerging markets. As a new worldwide political order slowly (but surely) emerges, issues such as security of access to raw materials are becoming ever more strategic and increasingly at the origin of tension throughout the globe. The inclusive financial and social crises have been widely debated using universal communication platforms, connecting/informing people on an unprecedented scale. In the face of these crises the risk of popular backlash is ever present and we are witnessing a range of new international regulations and a raise in local protectionism. Under the impact of climate change, coupled with burgeoning demographic challenges (overpopulation and ageing), we see the creation of divergent consumption models very different from traditional ones.

So what does all of this mean for companies? Firstly, they must not forget that they are operating not only on markets, but in societies... They must assume their roles as local corporate citizen and demonstrate what their business is worth for local development. Above all, they must respect diversity and local values within a global ethical approach to doing business. Secondly, they must work to build trust-based relationships able to generate long term local acceptance of the business practices, if only to protect their license to operate... However, by doing so they will most certainly benefit from less scrutiny and pressure, and are more likely to get support in case of issues and crisis. Furthermore, the will develop competitive advantage and be more successful in attracting (and retaining) local talents.

How can companies handle these sustainability challenges? By inventing new business models to be responsive to new needs and aspirations! Start (as always) with innovation (eco-design, green chemistry), supply chain (integrating financial and social cost assessment, and fair trade). Diversity should not be endorsed as a 'politically correct' corporate attitude, but managed as a competitive asset. Finally, transparent communication (not green washing) and dialogue with stakeholders are a must.

Social and socio-economic impacts found along the life cycle of a product can be assessed through a Social-LCA (S-LCA). The Guidelines for Social Life Cycle Assessment of Products, developed by UNEP and SETAC under the Life Cycle Initiative[29], provide a map which describes the context, the key concepts, the broader field in which tools and techniques are getting developed, and their scope of application. They provide guidance for the goal and scope, inventory, impact assessment and interpretation phases of a social life cycle assessment; they also provide the necessary basis for the development of databases and the design of software that will ease the practice of S-LCA. The guidelines are in line with the ISO 14040-44 standards for LCA.

5.4.1
EMPLOYEES WELLBEING

Physical, mental health and general wellbeing at work are increasingly impacted by the fast economical context changes and play a major role in fostering the workforce productivity.

The European Commission has endorsed in June 2008 the *European Pact for Mental Health and Wellbeing** that considers mental health and wellbeing as key factors of European growth and

* ec.europa.eu/health/ph_determinants/life_style/mental/docs/pact_en.pdf

competitiveness. The Pact highlights the important role that EU companies play in promoting health and wellbeing at work as well as a productive Europe. The European Mental health and Wellbeing Pact focuses on four priorities for actions to be taken by stakeholders including the business:
⇾ Prevention of suicide and depression,
⇾ Mental Health in youth and Education,
⇾ Mental health in workplace settings,
⇾ Mental health in older people.

By providing EU citizens with hygiene and personal care products, the cosmetic industry, plays a major role in ensuring a safer and healthier daily life. Therefore the cosmetic industry is also careful about maintaining and enhancing the health and wellbeing of its employees. To achieve these objectives companies can refer to the CSR Europe guidance document *Wellbeing in the Workplace**. It includes tips to implement a successful wellbeing strategy**, best practices collected from various companies in the field of prevention, identification and support and re-integration of employees. Member companies of Cosmetics Europe will find concrete examples on how to implement
⇾ Global tobacco free workplace policy
⇾ Employee's diabetes screening campaign
⇾ Healthy nutrition and prevention of obesity programmes or
⇾ Mental health promotion campaigns including
⇾ Stress assessment and management programmes

Companies can take the following actions:
⇾ Ensure top level management understanding, endorsement and engagement in the establishment of a global wellbeing strategy
⇾ Fully inform and involve employee representative bodies/trade unions as partners in the development and actions of the wellbeing policy
⇾ Implement the global wellbeing policy locally by addressing the needs of the employees and respecting the country culture and legislation
⇾ Mainstream wellbeing in daily business operations by making it cross-departmental and operational; (e.g. move beyond HR/Health & Safety and

incorporate within site objectives and business plan)
⇾ Identify and assess the root causes of poor wellbeing and promote and support best practices of good wellbeing
⇾ Train managers and employees on risk factors (e.g. work organization, management style, the external environment in which the business operates wellbeing and individual resilience) appropriate for the organization, in order to facilitate prevention, early detection, awareness-raising at all levels. Manage with the applicable organizational processes and tools.
⇾ Provide independent and confidential communication channels through which employees can report on wellbeing issues
⇾ Be aware of culturally appropriate terminology and adjust communication accordingly (e.g. Wellbeing versus Mental Health)
⇾ Include questions about wellbeing in company surveys and provide employees with feedback on aggregate findings and proposed measures for improvement
⇾ Ensure at all times confidentiality of individual employee data
⇾ Ensure full organizational engagement of outsourced occupational health and wellbeing services (where applicable) in alignment with the service level agreement and business needs
⇾ Recognize that employee responsibility and involvement forms a key element of a successful wellbeing program

The CSR Europe guide has also developed a list of references to support companies in mainstreaming wellbeing at work including documents from the European Commission, the European Agency for Health and Safety at Work (OSHA); the European Network for Workplace Health Promotion; World Health Organization (WHO); International Labour Organization (ILO)

5.4.2
EMPOWERING KNOWLEDGE
Education stimulates employment. Companies have a major role to play in this field by raising employability skills and ensuring long term learning of its employees. Companies' investments in

human capital will, at the same time, drive growth and competitiveness by building new skills and competences. The development of the cosmetic industry depends for most on its ability to generate innovation. To be fully effective, the investment by the cosmetic industry in science should ideally start before internal R&D plans. The business could therefore enhance science education at school and should actively participate in increasing the attractiveness of mathematics, science and technology among pupils. The expected objective would be to increase the number of graduates entering careers in science and engineering. Under the umbrella of CSR Europe a Science in Schools Network[*] has been created across ten European countries and gathers companies and education stakeholders. The network identified three main priorities:

- Providing teachers with opportunities to gain first hand experience of how mathematics, science and technology are applied in a wide range of jobs
- Fostering curiosity and interest in science among primary students
- Focusing on developing girls' interests in MST subjects

In this context the cosmetic industry can:

- Participate in national science/engineering weeks to increase the visibility of these important events
- Cataloguing existing industry education resources to let teachers know what is available
- Developing podcast for teachers: A series of industry podcasts highlighting everyday science and presenting scientists as role models.
- Develop placement of teachers in the industry

CSR Europe has developed other tools to guide companies in generating knowledge and employment. The *Skills for Employability Report*[**] highlights the role of employee community engagement and makes recommendations to the business for improving the skills amongst disadvantaged and socially excluded groups of people within the EU. Ensuring people with disadvantaged backgrounds enhance their basic skills – the skills essential to gaining and keeping a job – is key to developing and sustaining a thriving economy and cohesive society.

Among the actions already taken by various businesses some key needs have been identified:

- Targeting the next generation: Focus on low-skilled young people – business education programmes target these groups because they are the next generation of customers, clients and employees.
- Developing entrepreneurs
- Promoting life-long learning
- Improving corporate talent retention, increasing motivation and satisfaction.

CSR Europe also developed a good practice document that identifies pathways by which businesses could support entrepreneurship education and the creation of a more entrepreneurial mindset[***]. Among the good practices across Europe[****], the establishment of horizontal Initiatives to promote business-education links, complementary courses and training, awareness-raising tools, campaigns and event organisations have been identified.

5.4.3
DIVERSITY AT WORK

Diversity inclusion (DI) is a key factor of growth and long term performances for companies. Diversity management recovers various aspects that enterprises have to integrate in their strategies to be compliant with the legal requirement but also to generate innovation and bring new talent into the company, investigate new market opportunities or build the company's reputation. Enterprises should promote an ethical model of working life by fighting discrimination and exclusion on the basis of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Since 2005, the European Commission has been very active in promoting good practices to fight discrimination in the work place. In 2010 the European Commission is planning to provide support to voluntary initiatives taken by business and organization working with business that

* www.csreurope.org/data/files/toolbox/science_in_schools_booklet.pdf
** www.csreurope.org/data/files/toolbox/skills_for_employability_report.pdf
*** www.csreurope.org/data/files/toolbox/Entrepreneurship_Best_Practice_Guide.pdf
**** www.csreurope.org/data/files/toolbox/entrepreneurship_FLYER.pdf

promotes diversity management at the workplace across the EU. These initiatives should cover race and ethnic origin, religion or belief, age, disability, sexual orientation and gender equity. The European Commission is planning to:
⇢ Organise and maintain a platform for EU-level exchange between organisations promoting and implementing national and regional diversity charters
⇢ Develop a European diversity award and/or index scheme at the workplace
⇢ Develop diversity benchmark data for and with business

In order facilitate the diversity mainstream at workplace Member companies of Cosmetics Europe can refer to existing guidelines developed at international and European levels.
The OECD has developed in 2000 the *OECD Guidelines for Multinational Enterprises** that makes recommendations addressed by governments to multinational enterprises. This guide provides general and voluntary principles and standards for business to implement including in the field of employment, industrial relations and human rights. Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders.
On employment and industrial relations, enterprises should:
⇢ Respect the right of their employees to be represented by trade unions and other *bona fide* representatives of employees, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions.
⇢ Contribute to the effective abolition of child labour
⇢ Contribute to the elimination of all forms of forced or compulsory labour
⇢ Not discriminate against their employees with respect to employment or occupation on such grounds as race, colour, sex, religion, political opinion, national extraction or social origin, unless selectivity concerning employee characteristics

furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job
⇢ Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment.
⇢ Promote consultation and co-operation between employers and employees and their representatives on matters of mutual concern
⇢ Provide information to employees and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole
⇢ Observe standards of employment and industrial relations not less favourable than those observed by comparable employers in the host country
⇢ Enable authorized representatives of their employees to negotiate on collective bargaining or labour-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorised to take decisions on these matters.

CSR Europe has worked on a toolkit for companies on diversity mainstreaming, explained in the brochure *'What you need to know to fight discrimination and make diversity work in your company'*. This toolkit also provides a complete list of *Do's and Don'ts for HR managers*** to ensure equity in recruitment, insertion, integration, worklife balance, communication, evaluation and mobility, supplier diversity and training.

On recruitment activities, companies can make the following recommendations to their HR managers:
For the sourcing activities:
⇢ Stress involvement in favor of diversity
⇢ Put job descriptions in writing
⇢ Use different methods of sourcing (not just online but in newspapers and also using recruiting firms)
⇢ Educate your interim agencies/head hunters in diversity
⇢ Define the sourcing/recruiting process
⇢ Include at least one diverse source when posting a job

⇢ Erase the name of the university when passing resumes from HR to managers
⇢ Mix the recruiting team
⇢ Analyze where candidates come from to find other potential/diverse sourcing opportunities
⇢ Identify success stories and share best practices
⇢ Start by publishing all job openings internally

For the selection methods and interviews:
⇢ put procedures in writing
⇢ make it transparent
⇢ train recruiters
⇢ have recruiters use a written list of questions
⇢ survey applicants, especially rejected applicants, for their feedback on the process
⇢ make sure any written test is given in the candidates native language
⇢ have an observer in the interview
⇢ create a handbook of question you are allowed to ask and not ask
⇢ have a written decision for each candidate – why they did or did not get chosen
⇢ give feedback to all rejected candidates

CRS Europe is also sharing best practices on diversity mainstreaming*.They provide diverse examples of initiatives launched by different companies that members of Cosmetics Europe could also set at their workplace.

Companies can promote initiatives for a better integration of disabled in the workplace in order to ensure equality among all employees. All the services in a company should be accessible. For instance deaf or orally deficient workers have the right to be integrated into key meeting or having their annual appraisal. In this specific case companies could provide the necessary tools such as a sign language interpreter in order to facilitate their integration.

D&I does not just refers to HR activities but has to be integrated though the entire organization and working process. Companies have to communicate to their employees about the internal policies and also have to engage the top managers in trainings to give them responsibilities in implementing the group's diversity policy. These types of events could be an opportunity to clarify the diversity concept and issues by helping participants to identify barriers on a personnel and organisational level and by providing participants with tools to construct an action plan.

MEASURING, TARGET SETTING AND REPORTING

It is widely understood that one of the major contributors to positive change in any activity is to measure where a company is today, set improvement goals and then report progress. Continuing to build an innovative and sustainable cosmetics industry requires this. Reporting is an important aspect of transparency and assurance of environmental sustainability data helps to build trust with stakeholders. Many individual companies have been publishing Corporate Social Responsibility (CSR) reports for several years.

At this stage, there is no plan for an EU-wide cosmetics industry system for measuring, target setting and reporting.

The following guidance highlights the key points of effective CSR reporting.

Select key measures which are most relevant to you and your particular product line, supply chain and market. Common measures to track include:
⇢ Energy usage in manufacturing per quantity of product produced
⇢ Energy usage from sustainable sources
⇢ Waste from manufacturing sites
⇢ Quantity of CO_2 emitted in manufacturing or in the broader supply chain
⇢ Quantity of CO_2 emitted per quantity of product produced
⇢ Quantity of water – potable and non potable – consumed per quantity of product produced
⇢ Quantity of waste – hazardous and non hazardous – produced per quantity of product produced
⇢ Quantity of hazardous waste sent off-site per quantity of product produced
⇢ Safety performance in operating sites
⇢ Use of recycled material
⇢ Savings in distribution and logistics
⇢ Post consumer recycling initiatives

The progress assessment versus these KPIs can be measured considering one or several business units. For European or Global Companies, it is advisable to report as a whole organisation.

Highlight measures which contribute to the social and economic well-being of your stakeholders. Common 'soft measures' supported by the cosmetics industry include:
⇢ Look Good, Feel Better campaigns
⇢ Responsible sourcing of raw materials
⇢ Charitable contributions
⇢ Support for vulnerable individuals and groups in locations where you operate or depend upon for supplies

Develop and publish goals to drive improvement in each of the key measures.
⇢ Publish charts which show trends and progress towards each goal

Review all of the previous sections in these Good Sustainability Practices to select areas which you will measure and track
⇢ Select and prioritise your measures

Describe how you are organised, and who takes responsibility for your Sustainability programme
⇢ Include statements by key leadership
⇢ Include joint work and co-operation with key Commercial, Governmental and Non-Governmental partners

Publicise your Corporate Sustainability Report inside your organisation to:
⇢ Provide satisfaction and motivate to your employees
⇢ Prompt employees to create and implement local Sustainability initiatives above and beyond your company goals

Publicise your Corporate Sustainability Report outside your organisation to:
⇢ Attract future employees
⇢ Demonstrate your commitment to current and future investors – studies have shown that companies who demonstrate a high commitment to Sustainability create higher financial returns for investors

Publicise your Corporate Sustainability Report in business to business opportunities to:
⇢ Build productive customer-supplier relationships
⇢ Magnify your own efforts by stimulating demand for and supply of sustainable products, for the benefit of everyone
⇢ A number of packaging suppliers to the Cosmetics Industry are already actively engaged in Sustainability, engage with them
⇢ Retail partners are also very active

Publicise your Corporate Sustainability Report through Industry Associations and in contacts with Governmental and Non-Governmental Agencies to:
⇢ Demonstrate that the cosmetics industry is actively pursuing and progressing Sustainability
⇢ Maintain an influential voice with law makers and opinion formers

Your Corporate Sustainability Report should be available to stakeholders in convenient formats – hard copy, e-mail, web-site, booklet summary etc.

Choose a meaningful period to update your progress:
⇢ Most companies choose an annual update, or biennial at the beginning

Links to further guidance
For more details on how to report your Sustainability activities, you can go to the Global Reporting Initiative, whose mission is to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of the GRI Sustainability Reporting Framework.
www.globalreporting.org/Home

For access to the UN Global Compact, which is a both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices.
www.unglobalcompact.org/

For information on the EU's voluntary scheme designed for companies and other organisations committing themselves to evaluate, manage and improve their environmental performance.
ec.europa.eu/environment/emas/pdf/factsheet/ fs_iso_en.pdf

For access to the Dow Jones Sustainability Index
www.sustainability-index.com/

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COSMETICS EUROPE'S STRATEGIC PROJECT TEAM 'SUSTAINABLE DEVELOPMENT'

COSMETICS EUROPE IS THE EUROPEAN TRADE ASSOCIATION REPRESENTING THE INTERESTS OF THE COSMETICS, TOILETRY AND PERFUMERY INDUSTRY.

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