

**PARTNERSHIP
FOR CHANGE**



We personally care


Cosmetics Europe
the personal care association

EXECUTIVE SUMMARY

- The European cosmetics and personal care industry, **with both its big corporations and its 5500 SMEs**, is a European success story. Europe is the **largest cosmetics market in the world - €77.6 billion in 2017, and supports over 2 million jobs directly and indirectly across our value chain.**
- Global trends – **Globalisation, Digitalisation, Individualisation**, and **Population Growth** – bring more resource demand that is impacting people, businesses and economies. These **trends** are putting our industry at a major juncture.
- In this fast-moving world, we want to ensure a “future proof” environment conducive to a thriving cosmetics and personal care industry, that enables us to continue to deliver to the needs and expectation of consumers.



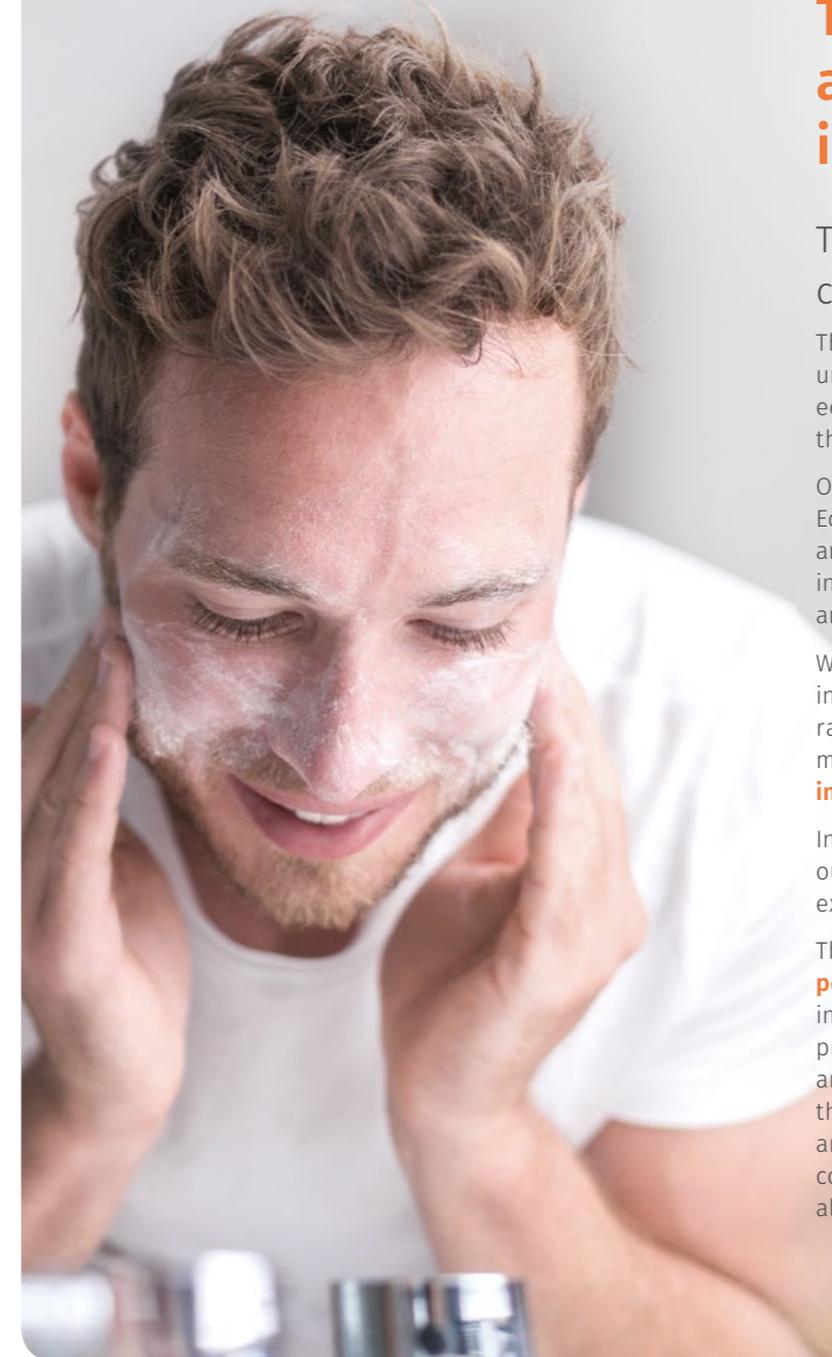
- All consumers have access to safe, innovative products where effective and fair communication enables informed decision-making.
- Business has the freedom and the ability to innovate thanks to a favourable regulatory environment, encouragement to invest and regulatory provisions ensuring a fair competition in the market in Europe and globally.
- All policy and regulation is underpinned by policy and decision-making based on best available evidence founded on science, facts and data and enforced consistently and adapted to meet the needs of the changing world.

We strive for a mutually supportive partnership with all our stakeholders to formulate and achieve common goals and solutions. **We personally care for the future.**

We offer to partner with you around:

- Upholding scientific, risk-based, consumer safety regulation.
- Ensuring an enabling framework for innovation embedding the “Innovation Principle” in policy making.
- Supporting freedom to pursue economic activity best suited to business models in an omnichannel trading environment.
- Driving international regulatory convergence towards a harmonisation of cosmetics regulations, on the basis of best practices.
- Promoting sustainable consumption and best sustainable business practices.

We are ready to address a changing world, are you? Let’s work together to achieve a Europe that responds to the future needs of consumers and enables us to adapt to global change, to enhance the competitiveness of the European cosmetics and personal care Industry and improve the policy environment for innovation, jobs and growth.



The European cosmetics and personal care industry in a changing world

The European cosmetics and personal care industry at a major juncture

The world is changing rapidly¹. **Major global trends** are underway driving and impacting people, businesses and economies in the 21st century. They fundamentally change the way we produce, communicate and consume.

Our world is ever increasingly **globalised and urbanized**. Economies, societies and public authorities are more and more interdependent. **Digitalisation** further enables interconnectivity and technological convergence, education and individual empowerment everywhere on the globe.

We are facing a swing in geo-economics and socio-cultural influence to Asia where the middle-classes are expanding rapidly whereas in Europe, **demographic change**, migration and ageing are leading to more **diversified and individualised populations**.

In the context of **global population growth**, demands for our **key resources** such as water, food and energy become exponential.

These trends are placing the **European cosmetics and personal care industry** at a major juncture. They deeply influence and constantly change consumer behaviours, preferences and expectations with regard to cosmetics and personal care products. They challenge and drive the industry’s global leadership in terms of innovation and product design, consumer dialogue and industrial competitiveness, but also in resource consciousness along supply chains and supporting social progress.

KEY TRENDS AND THEIR IMPACT FOR THE COSMETICS AND PERSONAL CARE INDUSTRY



Globalisation

In the global market place **consumers have more and easy access to knowledge**, but also to more and varied products and services. With permanent access to information online, they are increasingly eager to see and try what's new on the global market place and to order and buy products and services online. They express their thoughts, wishes, needs and requirements about products directly to the producers and expect products and services to incorporate the latest technologies.

For the cosmetics and personal care industry, **new and global markets equal new and diverse consumer needs** and offer new business opportunities for growth. On the other hand, when operating in a global market place, the industry faces ever growing regulatory complexity, as cosmetic and personal care products must comply with multiple regulatory requirements depending on the regional jurisdictions. Hence, **a fragmented regulatory global framework on product safety limits the full economic potential of a global market** place and results in additional cost, duplication and overlaps with European regulations.



Digitalisation

Digital will ever more impact the way the cosmetics and personal care industry communicates with consumers and how we distribute our products. Transparently and responsibly inform people will mean using new "smarter" means such as mobile applications, in-store or on-product technologies, social media and company websites. Enabling consumer access and embracing new **on-line distribution platforms will become essential, alongside maintaining traditional distribution channels** such as selective distribution and in-store product experiences. Meanwhile, **technology convergence will bring with it new modes of diagnosis, delivery or production of cosmetic and personal care products**, but could also boost efficiency and functionality of the product while maintaining excellency in product safety.



Individualisation

Though the world is more **global and interconnected, paradoxically it is also more local.** With population diversification and, perhaps as a result of the global complexity and uncertainty, **consumers are seeking products and services which are personal to them**, giving them a personal identity and reflecting what they know and experience in their local environment. With the fast pace of life, consumers are also seeking products that are functional and provide benefits in a cost-efficient way and are easy and simple to use. Hence, **on a global scale, one size does not fit all.**

For the cosmetics and personal care industry to meet consumers' personal needs cosmetic products and services will need to **be tailored to take account of diverse individual factors such as age, gender ethnicity, religious beliefs, geographies and climate, lifestyle, health and wellbeing.** All this implies providing information and new tools for product use that is personal to consumer and product.



Resource consciousness

Consumers are more and more conscious of the environment and social and ethical considerations of consumption and production. They expect businesses to share their concerns. They request information on quality of the product, what it is made from – what are its ingredients, where its ingredients are sourced, how it is made – including ethical aspects – and information about how to use the product in a resource efficient manner.

For industry, resource consciousness implies a transparent value chain and data availability to respond to inquiries. It is about responsible use of resources in development and production of our products and the way we do business but also the development of new tools for sustainable consumption.

WE ARE READY TO ADDRESS A CHANGING WORLD. ARE YOU?

To have a future in this fast-moving environment, our industry needs to continue to retain the essence of its business that made it one of the most impressive European successes on the global stage: Challenge itself every day to embrace changing needs in a changing world, to evolve with the times whilst staying true to itself, to its values, heritage and commitments to care about consumers and its business.

We are a highly regulated industry. Today, the European regulatory and policy landscape for cosmetics and personal care is a complex picture with EU Cosmetic Products Regulation as the backbone². A plethora of horizontal regulation and policy impacts on the industry across the product chain both upstream and downstream and across a broad range of policy areas: health and safety, environment, chemicals, general product safety, contract and commercial practices, and advertising and marketing.

To enable our industry to adapt to the changing world, policy will need to respond in a timely way and achieve a balance between necessary regulations to maximise consumer safety and a regulatory framework that enables and fosters innovation across all the EU policy and regulation that impacts our industry. Will the ever evolving policy environment in which the European cosmetics and personal care industry operates facilitate or hinder our adaptation to this changing world?

Cosmetics Europe wants to ensure there is a “future proof” environment that is conducive to a thriving cosmetics and personal care industry and that enables us to continue to deliver to the needs and expectation of consumers.

Cosmetics Europe and its members are central to the well-functioning of the European cosmetics and personal care regulatory and policy framework and is a connector to the European consumer.

Our vision is for a Europe that responds to the future needs of consumers and enables us to adapt to global change.

We want a Europe that: maximises sustainable innovation, enhances competitiveness and growth and boosts the socio economic development of our industry for the benefit and care of the consumers.

We want to be a catalyst in providing solutions for Europe’s key future challenges, to continuously improve consumers’ quality of life with our products and to flourish as a European industry at the forefront of the global market place.

We strive for a mutually supportive partnership with all our stakeholders to formulate and achieve common goals and solutions.

We personally care for the future.



2025
→ → →

TO BE FUTURE PROOF WE NEED TO ACHIEVE THE FOLLOWING BY 2025:

All consumers have access to safe, innovative products where effective and fair communication enables informed decision-making.

Business has the freedom and the ability to innovate thanks to a favourable regulatory environment, encouragement to invest and regulatory provisions ensuring a fair competition in the market in Europe and globally.

All policy and regulation is underpinned by policy and decision-making based on best available evidence founded on science, facts and data that are enforced consistently and adapted to meet the needs of the changing world³.

The industry supports millions of European jobs up & down the value chain

Over
2 MILLION JOBS
across Europe



195,000 people employed directly
1.64million people employed indirectly
>366,000 people employed through induced effects



Expenditure on R&D in Europe
€2.35bn



At least **77 scientific innovation facilities** in Europe

> 27,900 scientists employed in the sector



>5,500 SMEs
The number is growing

+100 companies manufacturing cosmetics ingredients

23,000 enterprises involved in the wholesale of cosmetics

46400 specialist stores retailing cosmetics

500,000 hairdressing and beauty salons

Every 10 workers employed in the cosmetics value chain will support at least **two jobs** in the wider economy



> 35bn trade in cosmetic products & ingredients within the EU30

20.2bn total exports of cosmetic products from Europe (i.e. extra EU-30)



PARTNERSHIP FOR CHANGE

The global transformation demands a concerted action on all EU policy levels. No stakeholder can do it alone. Broader cooperation between industry and regulators having a common objective to harness all opportunities of the global transformation is paramount. This is critical if we want to continuously enhance the competitiveness of the European cosmetics and personal care industry across all global markets and improve together the policy environment for innovation, business investments and the creation of high-quality jobs through education in Europe. We strive to contribute to a strong economic growth, jobs and competitiveness. We want Europe to prosper, our industries and economies to flourish and to enable a better quality of life for the consumers of Europe and beyond.

Our Rationale



SAFE PRODUCTS

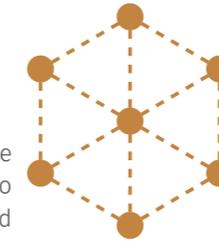
Safe and innovative products are the key success factor for our business and an essential pillar of our daily work as a responsible industry. The safe use of our products is the most important element to build and maintain trust of consumers and regulators in our sector. We provide state-of-the-art scientific approaches and risk-based safety assessments of cosmetics ingredients following regulatory accepted methods in order to deliver facts and evidence for regulatory action. Best science, a systematic stepwise approach and drawing from the scope of information available to inform science-based decisions based on the weight-of-evidence, is central to risk-based regulatory decision making. In the spirit of partnership, and with other stakeholders, we also offer expertise, dialogue and interaction to contribute to high quality guidelines and recommendations for safe ingredient use.

INNOVATION PRINCIPLE

We are a fast moving consumer goods industry that is driven by science. But to improve our competitiveness and foster innovation, we propose a paradigm shift to stimulate investor confidence in Europe. To this end the 'Innovation Principle', whereby all new European legislation is evaluated in terms of its effect on innovation should be applied in decision making processes⁴. The application of the "Innovation Principle" in regulatory impact assessments shall ensure that whenever legislation is under consideration, a strong focus must be set on the business potential, to meet consumer expectations, within all the policy and legislative process. Embedding the 'Innovation Principle' in EU decision making would allow EU to remain the world's leading market. That place is today endangered.



DIGITAL MARKET



We support the objective of the Digital Single Market Strategy to improve access to goods and services online across Europe.

In order for our industry to remain a strong player in Europe it is of crucial importance to ensure a similar level of protection, responsibilities, and freedom in the online as in the offline market. A key principle allowing business to meet the specific and particular expectations of consumers is the fundamental principle of contractual freedom: in a continent benefiting so much from rich diversity as Europe, a "one-size fits all" solution fits none and companies should remain free to adopt business models most serving such diversity, depending on the different type of products sold and the brand reputation. This includes legal and regulatory obligations that govern traditional channels for selling and distribution as much as obligatory consumer information and measures to ensure product safety and safe uses and the prevention of counterfeiting, product piracy or the loss of intellectual property.

SUSTAINABLE DEVELOPMENT



Our industry shares the global vision for sustainable development as a reduced environmental impact and an enhanced social and economic value. We continually strive to take our responsibility and develop new sustainable and best business practices. Resource efficiency, responsible sourcing, innovation and transparency along our value chains are key drivers for sustainable business performance, whilst fostering the role consumers have to play to ensure sustainability.

REGULATORY CONVERGENCE



In the highly competitive global market place, we genuinely believe the achievement of a global level-playing field would foster competition, growth and jobs, while maintaining high safety and quality of products. In the world's key economic regions, it is important that regulations become highly compatible. This convergence starts with political will. It can be achieved by promoting the use of international "best practice" regulatory principles for high safety and quality on one hand and international standards and harmonised practices to demonstrate compliance to these regulatory requirements on the other hand. EU regulation is often perceived as a leader on safety and quality standards and dialogue with third countries is essential to ensure the best understanding of Europe's regulatory framework, its application and potential for inclusion into other regulatory concepts.

SO WE OFFER TO PARTNER WITH YOU AROUND:

Upholding scientific, risk-based, consumer safety regulation.

Ensuring an enabling framework for innovation embedding the "Innovation Principle" in policy making.

Supporting freedom to pursue economic activity best suited to business models in an omnichannel trading environment.

Driving international regulatory convergence towards a harmonisation of cosmetics regulations, on the basis of best practices.

Promoting sustainable consumption and best sustainable business practices.

PUTTING OUR RESPONSIBILITY INTO ACTION

The responsibilities of our industry go beyond the purely regulatory requirements. Society now expects companies to behave in a responsible and ethical manner. Such an approach is part of industry's contract with society. The European cosmetics industry recognises these expectations, and strives to meet them in all its activities including self-regulatory and voluntary initiatives.

Finding alternatives to animal testing

For more than 20 years the cosmetics industry's best scientists and its strategic partners have been dedicated to support the development, validation and regulatory acceptance of alternative test methods and approaches. As a very recent example, and with a total contribution of €50 million (€25 million under the FP7 and €25 million funded by Cosmetics Europe), SEURAT-1 is the single largest Private-Public Partnership initiative in the field and managed to provide sufficient ground for setting the strategy of next programmes and strategic collaboration on alternatives for systemic toxicity. However, the development, validation and acceptance of alternative methods by regulatory bodies can only be considered as a constant, long-term effort in this challenging journey towards animal-free testing. The industry is continuing collaboration in this area of research with the European Commission and other partners under Horizon 2020, with the Long Range Science Strategy Programme and other related initiatives.

Self-regulation on advertising

Cosmetics Europe launched a 'Charter and Guiding Principles on responsible advertising and marketing communication' in 2012 in response to the accepted best practice model for effective advertising self-regulation. This Charter sets out the benchmark for the responsible advertising of cosmetic products in Europe. We have undergone our first independent audit conducted by the European Advertising Standards Alliance (EASA). A total of 1,861 advertisements were reviewed, including 577 television and 1,284 print advertisements aired/published over a three month period – September 2014, March and June 2015. It showed that 91% of the advertisements of cosmetic products were in compliance with all relevant advertising codes/laws.



Phase out the use of plastic micro particles in wash off cosmetic products for cleansing and exfoliating uses

In view of the public debate and concerns expressed over plastic debris in the marine environment, and given the availability of alternative materials, Cosmetics Europe recommended its membership in October 2015 to discontinue, in wash-off cosmetic products placed on the market as of 2020: The use of synthetic, solid plastic particles used for exfoliating and cleansing that are nonbiodegradable in the marine environment. With this Recommendation, Cosmetics Europe and its membership stand committed to working with regulators on a science-based approach to the issue of plastic micro particles.

Data gathered from Cosmetics Europe members in 2018 showed that between 2012 and 2017, 97.6% of plastic microbeads used for cleansing and exfoliating in wash-off cosmetic and personal care products were phased out.

Sustainable development: conservation of biodiversity

Cosmetics Europe has engaged, together with three European supplier industry associations, in the development of Best Practice for the cosmetics industry in the field of compliance with legislation regarding access to genetic resources and the fair and equitable sharing of benefits derived from their utilisation (implementation in EU law of the Nagoya Protocol on the conservation of biodiversity).

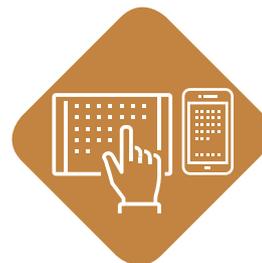
Product Environmental Footprint

Recently, Cosmetics Europe focused its sustainability-related activities on a study into the development of Product Environmental Footprint Category Rules for shampoo, which is a voluntary pilot aimed at mirroring the European Commission's pilots in this field.

1. "2030, Global Trends to 2030: can the EU meet the challenges ahead?", European Strategy and Policy Analysis System (ESPAS). An Inter institutional EU Project 2015.
2. EU Regulation 1223/2009 (Cosmetics Regulation) has been in force since 11 July 2013. It strengthens the safety of cosmetic products and streamlines the framework for all operators in the sector.
3. "Better Regulation is a way of working to ensure that political decisions are prepared in an open, transparent manner, informed by the best available evidence and backed by the comprehensive involvement of stakeholders", Commission Staff Working Document, Better Regulation Guidelines, 19.05.2015.
4. Press release, Informal meeting of the Council of the European Union, 27.01.2016: 'New European plans to boost the impact of research and innovation', <http://english.eu2016.nl/documents/press-releases/2016/01/27/press-release-open-access> (consulted in February 2017).



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For any information, please contact us at:
cosmeticseurope@cosmeticseurope.eu
www.cosmeticseurope.eu

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