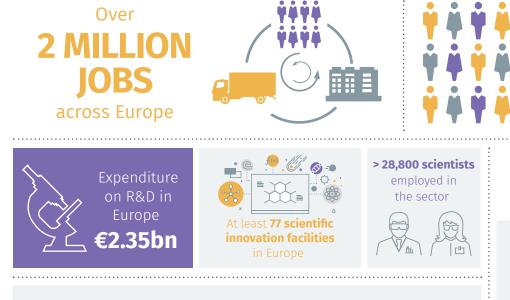




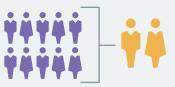
## TO BE FUTURE PROOF WE NEED TO ACHIEVE THE FOLLOWING BY 2024:

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 science, facts and data that are consistently enforced and adapted to meet the needs of the changing world<sup>3</sup>.

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



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



197,000 people employed directly 1.63million people employed indirectly

>366,000 people employed through induced effects

**>5,800 SMEs** The number is growing

+100 companies manufacturing cosmetics ingredients

**23,000** enterprises involved in the wholesale of cosmetics

**46,400** specialist stores retailing cosmetics

**500,000** hairdressing and beauty salons

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

**21.5bn** total exports of cosmetic products from Europe (i.e. extra EU-30)

#### Our Consumer Insights report unveiled what consumers think of their cosmetics and personal care products

### IMPORTANCE AND QUALITY OF LIFE

Cosmetics and personal care products matter to European consumers and are held in high regard:



71% of consumers see them as important or very important in their deity lines

### SELF-ESTEEM AND SOCIAL INTERACTION

Consumers said cosmetics and personal care industry products have a positive effect on how they feel:

80%

identify them as important or very important in building up self-esteem

# 72%

of consumers feel the cosmetics and personal care products they use improve their quality of life





Consumers across all age brackets value products as important and effective in building up their selfesteem and enhancing their interaction with others

### **INNOVATION WITH PURPOSE**

Consumers value the tangible results of an innovative industry, recognising and prioritising:



# **IN BRIEF**

- People have been **using cosmetics for thousands of years**, and today, the vast majority of Europe's 500 million citizens use cosmetics and personal care products every day to **look and feel good, protect their health, enhance their well-being and boost their self-esteem.**
- The European cosmetics and personal care industry makes a substantial economic contribution to Europe. Indeed, Europe is the **largest cosmetics** market in the world valued at €78.6 billion in 2018, it supports over 2 million jobs directly and indirectly across our value chain.
- Cosmetics and personal care products contribute to consumers' well-being, selfesteem and health through the use of body, hair, oral, skin and sun care and decorative cosmetics. 71% of consumers consider our products as important or very important in their daily lives and 80% of consumers identify cosmetics and personal care products as important or very important in building up their self-esteem.
- Global trends Globalisation, Digitalisation, Personalisation and Population Growth – bring more resource demand that is impacting people, businesses and economies. These trends are putting our industry at a major juncture. At the same time, nationalistic and protectionist sentiments risk undermining global trade and could lead to further fragmentation of the Single Market, which is vital for a cohesive Europe, jobs and growth.
- In this fast-moving world, we want to ensure a "future proof" environment that enables us to continue to **deliver to the needs and expectations of consumers**, conducive to a thriving cosmetics and personal care industry.





#### TO BE FUTURE PROOF WE NEED TO ACHIEVE THE FOLLOWING BY 2024:

- 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 supportive regulatory environment, encouragement to invest and regulatory provisions ensuring a fair competition in the market in Europe and globally.
- All regulation is underpinned by policy and decision-making based on best available evidence founded on science, facts and data and consitently enforced and adapted to meet the needs of the changing world.

We strive for a mutually supportive partnership with our European and global 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 innovation friendly policies and regulatory frameworks underpinned by a strong European Single Market and championing of holistic industry policies.
- Supporting freedom to pursue economic activity best suited to business models in an omnichannel trading environment.
- Driving international regulatory compatibility of cosmetics regulations on the basis of international best practices.
- Promoting environmental sustainability on the basis of best 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 and expectations 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.

Major global trends are underway, driving and impacting people, businesses and economies in the 21st century





## The European cosmetics and personal care industry in a changing world

# The European cosmetics and personal care industry at a major juncture

**Major global changes are underway** driving and impacting people, businesses and economies in the 21st century. They fundamentally alter the way we produce, communicate and consume.

Our world is ever increasingly **globalised and urbanised**. Economies, societies and public authorities are more and more interdependent. Juxtaposed is the increasing trend of populism and national sentiments. **Digitalisation** further enables interconnectivity and technological convergence, information dissemination, education and individual empowerment everywhere across the globe.

We are facing a swing in our socio-economic context that drives industrial changes as 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**



In the global market place, **consumers have more and easier access to knowledge**, but also to more varied products and services. With permanent access to information online, they are increasingly eager to see and try what is 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. Yet today the benefits of globalisation are being undermined with increasing protectionist sentiment and global trade disputes.

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 cosmetics 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.



Digital will ever more impact the way the cosmetics and personal care industry communicates with consumers and how it distributes its products. Informing people transparently and responsibly will mean using new and "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 tools 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 delivery and production of cosmetic and personal care products** but could also boost efficiency and functionality of the product while maintaining excellency in product safety.





Although 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**, shaping their 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 and expectations, cosmetic products and services will need to **be tailored to give them a personal experience that takes account of diverse individual factors such as age, gender, ethnicity, religious beliefs, geographies and climate, lifestyle, health and well-being**. All this implies providing information and new tools for product use that is personal to consumers.



**Consumers are more and more conscious of the environment and of social and ethical considerations around consumption and production**. They expect businesses to share and anticipate their concerns. They request information on the 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 the industry, resource consciousness implies a transparent value chain and data availability to respond to inquiries. It is not only about the responsible use of resources in the 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 framework of complementary pieces of regulation with the European Cosmetic Products Regulation as the backbone<sup>1</sup>. The regulation is based on a strong responsibility for safety and compliance by the industry and subjected to strict in-market control by the Member States. Beyond that, a number of horizontal regulations and policies 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 ensure high levels of consumer and environmental safety and a regulatory framework that enables and fosters innovation across all the EU underpinned by a strong European Single Market. 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.

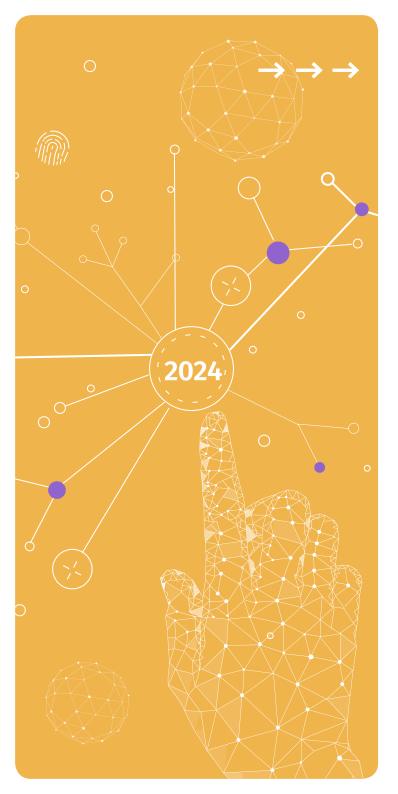
We want a Europe that: maximises sustainable innovation, enhances competitiveness and growth and boosts the socio economic impact of our industry for the benefit and care of the consumers.

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.

 EU Regulation 1223/2009 (Cosmetic Products 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. To know more about the Cosmetic Products Regulation, please see the EU cosmetics legislation timeline at the end of this document.



### TO BE FUTURE PROOF WE NEED TO ACHIEVE THE FOLLOWING BY 2024:

- All consumers have access to safe and innovative products where effective and fair communication enables informed decision-making.
- Business has the freedom and the ability to innovate thanks to a supportive 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 science, facts and data. Regulation and policies are consistently enforced and adapted to meet the needs of the changing world.

# HOW THE COSMETICS AND PERSONAL CARE INDUSTRY CAN ACHIEVE THIS?

- Ensure single market cohesion and that all EU consumers have access to **innovative cosmetics** and personal care products.
- Support European industrial base with a **holistic EU industrial strategy** that addresses all challenges the industry faces across the **value chain**, touching upon all relevant policy areas.
- Promote **risk-based and science-based legislation** to offer the best cosmetics and personal care products to consumers.
- Ensure that new measures are **justified**, **fair** and **proportionate** to the industry's contribution to the issue they aim to address.
- Maintain a Cosmetic Products Regulation that **serves as a model** for the regulation of major trading partners, thus facilitating trade and enhancing the international leadership of the European cosmetics industry.



# **PARTNERSHIP FOR CHANGE**

The impact of transformation trends demands a concerted action at all EU

policy levels. No stakeholder can do it alone and 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 and skills development 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 & INNOVATIVE PRODUCTS**

People have been **using cosmetics for thousands of years**, and today, the vast majority of Europe's 500 million citizens use cosmetics and personal

care products every day to **look and feel good, enhance their well-being, boost their self-esteem and protect their health**. 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 to 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 using the best science and knowledge available to deliver facts and evidence for regulatory action. In that regard, a systematic stepwise approach and drawing from the scope of information available to inform science-based decisions made 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.

The Single Market came into being over 25 years ago and is a European success story: **it has added more than 2% of EU GDP and created more than 3 million new jobs since 1992, bringing growth, employment and prosperity to Europeans**<sup>2</sup>. It helps to create new business opportunities, offers more choice to consumers and is fundamental for European cosmetics companies. It is also the platform for successfully competing globally. The European Single Market measures are a pivotal element to ensuring that consumers have access to safe consumer goods giving the highest levels of protection wherever they live in the European Union and is a lynchpin of cosmetics regulation.

2. European Parliament, Mapping the cost of non-Europe, March 2014

### INDUSTRIAL POLICY



To help the European cosmetics and personal care industry grow and innovate so it can continue to be the **global flagship producer** 

**of cosmetics and personal care products**, the European Union needs to put the industry at the top of the political and legislative agenda.

The cosmetics and personal care industry supports a holistic and comprehensive approach of EU policies touching the industry and which will aim to continue to foster **innovation**. We underline that the European Union's industry policy should be built with respect to the existing Single Market framework.

Our industry welcomes the European Council support to a long-term strategic vision for the European industry and the European Institutions efforts in this direction: we thus ask to keep the **industry strategy at the top of the agenda**.

We underline the need to protect the **Single Market**, enhance better regulation<sup>3</sup> and promote industrial innovation, having a **horizontal industrial policy**. This is especially key for SMEs.

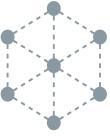
The industry should be consulted during the development of initiatives on the EU's industrial future in view of the importance of a globally integrated, sustainable and competitive industrial base.

Protecting the industry's value chains and ensuring crossindustry collaborations, will enable our sector to continue its work and further develop its initiatives.

In addition, promoting the **skills agenda** will strengthen industry's ability to adapt to new market needs and to innovate to offer the best cosmetics and personal care products to European consumers.

### DIGITAL MARKET

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



To remain a strong player in Europe, it is of crucial importance for the cosmetics and personal care industry to ensure a similar level of protection, responsibilities, and freedom in the online and 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 "onesize 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 while continuing to prevent counterfeiting, product piracy or the loss of intellectual property.

<sup>3.</sup> 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.

### ENVIRONMENTAL SUSTAINABILITY



Our industry shares the global vision for sustainable development as leading to a reduced environmental impact and an enhanced social and economic value. We continually strive to take our responsibility and

develop new environmentally sustainable 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 a sustainable consumption of cosmetic products.

### INTERNATIONAL REGULATORY COMPATIBILITY



In the highly competitive global market place, we genuinely believe the achievement of a global level-playing field will foster

competition, growth and jobs, while maintaining high safety and quality of products. It is therefore important that regulations become highly compatible between each other. 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. The European regulatory model for safety and quality standards of cosmetics has become a global template and has inspired many major trading partners around the globe. This has contributed to making – and keeping – Europe the global industry leader for cosmetics.

Continued 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.

### WE OFFER TO PARTNER WITH YOU AROUND:

- Upholding scientific, risk-based, consumer safety regulation.
- Ensuring innovation friendly policies and regulatory frameworks underpinned by a strong European Single Market and championing of holistic industry policies.
- Supporting freedom to pursue economic activity best suited to business models in an omnichannel trading environment.
- Driving international regulatory compatibility of cosmetics regulations on the basis of international best practices.
- Promoting environmental sustainability on the basis of best practices.





# A RESPONSIBLE COSMETICS AND PERSONAL CARE INDUSTRY

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

Cosmetics Europe launched in 2016 its Long Range Science Strategy (LRSS), an industry-led research programme on alternatives to animal testing with a clear regulatory acceptance orientation. LRSS is based on multidisciplinary partnerships between Cosmetics Europe's member companies and other organisations having strong interest in non-animal approaches, i.e. the international regulatory community, validating bodies, academia, research institutes, and industry partners. The goal is to enable animal-free safety assessment of chemicals and cosmetic ingredients. The focus of the programme is on systemic toxicity and aiming at entirely replacing repeat dose toxicity animal tests. Supported with a budget of €17.5 million, the programme is running until 2020 and the work is thus ongoing. More information on the research topics and the progress can be found at the LRSS website: www.lrsscosmeticseurope.eu.

In addition to the above, Cosmetics Europe is a wellrecognised partner of the *Horizon 2020* research programme on alternatives to animal testing, *EUToxRisk*, supported with a budget of €30 million.

#### Self-regulation on advertising

Although the existing European regulatory framework for claims and advertising of cosmetics and personal care products "is very comprehensive and ensures a high level of consumer protection"<sup>4</sup>, Cosmetics Europe launched a 'Charter and Guiding Principles on responsible advertising and marketing communication' in 2012 to complement the European legislation in this field. Following a first independent audit conducted by the European Advertising Standards Alliance (EASA) in 2014/2015, it was showed that 91% of the advertisements of cosmetics and personal care products were in compliance with all relevant advertising codes and regulations. The Charter & Guiding Principles are being updated and a new version will be launched towards the end of 2019.

Report from the Commission to the European Parliament and the Council on product claims made based on common criteria in the field of cosmetics, 19.9.2016



#### Phase out the use of plastic micro particles for cleansing and exfoliating purposes in wash-off cosmetics and personal care products

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 sciencebased 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 cosmetics and personal care products were phased out.

**Note:** the European Chemicals Agency (ECHA) is currently working on a proposal for a REACH restriction on intentionally added microplastics, including microbeads.

# Sustainable development: conservation of biodiversity

Cosmetics Europe has engaged, together with two European supplier industry associations, in the development of guidance 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 has focused its sustainability- related activities on a study into the development of Product Environmental Footprint Category Rules for shampoo, which was a voluntary pilot aimed at mirroring the European Commission's pilots in this field. The outcome of the study was published in an international peer-review journal, Integrated Environmental Assessment and Management in August 2018.

# **EU COSMETICS LEGISLATION: 1976 - TODAY**

#### Adoption of the Cosmetics Directive 76/768/EEC

The nine Member States of the European Economic Community (EEC) harmonised their national cosmetic regulations to ensure **the highest level of consumer protection and to allow cosmetic products to freely circulate throughout the Community**. This regulatory approach chosen recognised cosmetics as **fastmoving consumer goods of inherent low risk**, entirely different from pharmaceutical products.

#### 6th Amendment to the Cosmetics Directive 76/768/EEC

This amendment defined the six main principles of the European cosmetics legislation, which have since become the model and inspiration for many regions of the world:

- 1. Risk-based legislation
- 2. A 'responsible person'

1980s/1990s

3. Comprehensive technical information file for each product

1993

- 4. Mandatory safety assessment
- 5. Effective in-market controls
- 6. Ingredient labelling based on international INCI nomenclature

### Establishment of the Scientific Committee on Cosmetology

The EEC created a panel of independent science experts to transparently assess the safety of cosmetic ingredients based on available scientific evidence.

1979

Now called the Scientific Committee on Consumer Safety, the internationally recognised SCCS supports the European Commission's evidence-based policymaking by providing risk assessment and scientific advice on matters linked to public health and consumer safety.

### Development of the positive and negative lists of ingredients

The EEC – with the support of the Scientific Committee – **developed positive and negative lists of substances** to provide companies with clear information on permitted/ forbidden ingredients:

- · Annex II of banned substances
- · Annex III of restricted substances
- Annex IV of allowed colorants
- Annex V of allowed preservatives
- · Annex VI of allowed UV filters

Regularly updated to reflect the latest scientific information, these lists provide transparent information on if and how substances can be legally used in cosmetics.



#### The end of animal testing and a ban on CMRs

The 2003 Amendment to the Cosmetics Directive brought further major changes:

- A ban on animal testing for cosmetic products and ingredients (that came into force in 2004 and 2009 respectively) and a marketing ban, which made it no longer legally possible in the EU to market products that contained ingredients tested on animals after 2013. The European Court of Justice further ruled in 2016 that companies cannot put on the EU market ingredients and/or products using data on safety that comes from animal testing outside the EU.
- 2. A principle ban on the use of carcinogenic, mutagenic or toxic for reproduction (CMR) substances in cosmetics, unless their safety can be unequivocally and scientifically demonstrated according to strict criteria.

2009

#### New rules for cosmetic product claims

A new 2013 European Commission regulation No 655/2013 established six Common Criteria to be used for the justification of cosmetic product claims.

Three years later, following an extensive analysis of 38,995 cosmetics claims on packaging and in all forms of media across the EU, the European Commission issued a report concluding that **"the current regulatory framework is very comprehensive and ensures a high level of consumer protection"** from misleading claims.

2013 - 2016

#### From a directive to a regulation

In 2009 the Cosmetics Directive was amended to become an EU regulation meaning the text **became directly applicable law in all EU Member States**, rather than requiring inclusion into the various national legislations.

The new Cosmetic Products Regulation also replaced more than 20 different national product notification systems with **a more efficient single**, **electronic system (CPNP)**. Today, the EU Cosmetic Products Regulation is the most modern and successful cosmetics legislation in the world. With the emergence of new technologies, more active products or new risks, the regulation has proven resilient and remains fully fit to address changes in science and society.





## We personally care







For any information, please contact us at: cosmeticseurope@cosmeticseurope.eu www.cosmeticseurope.eu ©2019