

BENORI



Sustainability Practices in Personal Care Industry

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Preface

Environment Social Governance or ESG reporting framework is used by companies for the disclosure of data covering business operations and opportunities and risks related to the environment.

*The **Environmental** aspect investigates how business activities lead to pollution, natural resource depletion, and climate change.*

*The **Governance** element assesses the company's leadership, management, and openness in both financial and non-financial matters.*



*The **Social** part looks at how a business interacts with its clients, partners, and staff, as well as how it affects the local communities.*

Industries worldwide are moving towards incorporating sustainable processes throughout their value chain. This change has been brought about by not only the shifting consumer preferences but also due to meeting the stakeholders' expectations and gaining a competitive edge. Most importantly, due to the stringent environmental and social regulations.

The beauty industry has immense power over people's well-being. Consumer preference is shifting towards organic and herbal due to increasing awareness regarding the adverse effects of harmful chemicals on the environment. Major players are rerouting their operations towards a sustainable path to satisfy customers' demands and environmental norms.

The use of toxic chemicals in personal care products is one of the major concerns that has come to light lately. There are several toxic substances used in the personal care industry such as sulfates, parabens, phthalates, formaldehyde, and others. Governments across the globe are enacting rules to address this problem and banning the use of such chemicals. Until now, businesses were unwilling to reveal their ingredient lists and sourcing methods. However, with the implementation of ESG, ethical sourcing and cruelty-free testing have become the prevailing standards.

Through this report, we will analyze the global personal care market value chain and best practices implemented by personal care companies. We will examine the strategies employed by well-established companies such as Unilever, L'Oréal, Dabur, and ITC, and emerging players like Lush, Aveda, Ethique, Plum Goodness, Mamaearth, and Soutree.

Reporting Period

The information covered in this report encompasses the fiscal year 2020-2025, providing a comprehensive analysis of the data and trends observed during this five-year period



Executive Summary

The personal care industry is experiencing a significant shift towards sustainability. A crucial reason behind this rise is the introduction of ESG regulation by the government. Major beauty players are adopting sustainable practices across the value chain to comply with the regulations.



Partnership with biotech-based tech partners



Herbal Essence with 100% natural ingredients



100% natural ingredients



95% natural ingredients

Sourcing:

- New brands utilizing natural ingredients have emerged and are posing a challenge to the established market leaders
- Industry leaders, on the other hand, are collaborating with the technology partners to create transparency in sourcing and substituting toxic chemicals with bio-based ingredients

Manufacturing:

- Brands are minimizing the carbon footprint in their operations by switching to renewable energy
- Industry leaders have incorporated in-house water treatment plants and are reusing water for several activities like cooling and cleaning
- Conversely emerging brands are innovating formulations and introducing waterless products to contribute to green manufacturing



118,800 gallons of water saved by creating solid naked bars



10,000 gallons of water saved by installing a slow restrictor



53% water reduced per product



offering Waterless products



100% recycled PET in their packaging



Packaging from beetroot, bamboo, sugarcane, maize, and others



Package-free products

Packaging:

- Industry leaders are actively switching to packaging made from recycled plastic resin and exploring innovation with other bio-based packaging
- On the other hand, emerging brands choose to use compostable or bio-based packaging against PCR to avoid heavy investments
- Brands are also implementing cutting-edge strategies such as package-free products, and airless packaging among others

Logistics/Shipping:

- Players are switching towards alternative fuels and electric vehicles to reduce their shipping footprint
- A few players are also collaborating with tech partners to measure their carbon footprint



Switching to green fuel, sea and rail freight



Technology to calculate & minimize their shipping footprint



Collaborated with sustainable cargo



Refill & Reuse program



Take-back program for their consumers

Post-consumer Use:

- Players are under pressure to take back the plastic they have introduced into the environment due to the Extended Producer Responsibility (EPR) mandate
- Leading brands are actively collaborating with partners/recyclers and offering take-back programs to consumers to keep their plastic in the loop
- Emerging brands are also taking initiatives through consumer take-back programs



Sourcing

Ethical sourcing has gained significant attention in the personal care industry. Product formulators and suppliers are ensuring sustainable sourcing of ingredients by taking into consideration the factors such as fair-trade practices, environmental impact, and social responsibility.

Key Trends

Use of Natural Ingredients 	Sourcing Routes 	Alliances 
<ul style="list-style-type: none"> The transition towards natural ingredients owes majorly to the customers' preferences for healthier skin Emerging brands are placing greater emphasis on natural ingredients, and are challenging market leaders by positioning themselves as 'Clean Beauty' brands while also prioritizing sustainability 	<ul style="list-style-type: none"> Mostly emerging brands are directly sourcing from farmers and growers without middlemen to ensure transparency On the other hand, industry leaders procure from both, large and small suppliers/farmers 	<ul style="list-style-type: none"> Global companies with mass audiences are directing their attention to replacing some toxic ingredients and collaborating with biotechnology partners Industry leaders are also engaging in technology partnerships to assess the overall impact of their sourcing activities

Initiatives by Global Leading Players

- 'Pure-Sugar Resurface & Energize Kona Coffee Scrub'** is **naturally-derived**
- L'ORÉAL** Invested in a **biotechnology platform** to develop and commercialize biotech-based ingredients
- Created a platform (Inside our Products) to inform consumers about ingredients, their origin, etc.
- 'Love, Beauty and Planet'** haircare range is made of natural ingredients and sulfate-free formulas
- Invested in a **biotechnology platform** with L'Oréal
- Partnered with **Google Cloud** to leverage satellite imagery to assess sourcing impact on the environment
- P&G** **'Herbal Essence'** range is **100% natural**
- Responsible sourcing feedstock of natural origin from external business partners

Initiatives by Global Emerging Players

- Offering **95% natural** ingredients and safe synthetics
- Works directly with the suppliers or growers/farmers** or communities or small-scale producers or local sources close to their factories
- Naturally-derived** and **palm-oil-free** products with minimal chemical processing
- 'Purple shampoo bars'** obtain their color from mineral pigments and beetroot powder
- Direct trade partnerships** for ingredients such as coconut oil, asili oil, cocoa butter, and others

Initiatives by Indian Leading Players

- 'Fiama Happy Naturals'** range is crafted with **natural ingredients**
- Palm oil sourcing only from Roundtable on Sustainable Palm Oil (RSPO) certified supplier
- 'Vatika'** haircare range is made with **100% natural ingredients**
- Sources from large commodity suppliers, packing material suppliers, and small farmers

Initiatives by Indian Emerging Players





- 100% natural products**
- Organically farmed ayurvedic formulations and **sustainably sourced ingredients**
- Offers products with **100% vegan** and **natural ingredients**



Manufacturing




The manufacturing phase plays a crucial role in the overall journey of a product. Reports indicate that one-fifth of the world's carbon emission originates from production sites. Governments worldwide have implemented regulations to minimize their carbon and water footprint during product manufacturing. Companies are restructuring their manufacturing units and processes to align with the larger agenda of keeping it green.




Key Trends

Innovation in Formulations 	Renewable Energy 	Water Conservation 	Waste Reduction 
<ul style="list-style-type: none"> Both, the industry leaders and young brands are innovating product formulation to offer solid bars/powdered/waterless formulas, 3-in-1 formulations, and are upcycling discarded raw materials 	<ul style="list-style-type: none"> Industry leaders are investing in utilizing renewable energy sources Compared to global brands Indian emerging brands have been slower in adopting these energy resources 	<ul style="list-style-type: none"> Emerging brands are reducing water usage by developing formulations without water, with less water, and with water alternatives Established players are converting their manufacturing units to sustainable by creating water recycling facilities 	<ul style="list-style-type: none"> Players are focused on achieving zero waste to landfill by either recycling or generating energy through waste

Initiatives by Global Leading Players



Initiatives by Global Emerging Players



-  In 2022, L'Oréal reduced **water usage per product by 53%** of its 2005 levels and achieved **100% water recycling** at Burgos Plant
- Introduced **3-in-1 hair formulations** for water conservation
-  **68% reduction in emissions** across operations in 2022
- Introduced **'Good Stuff Conditioner'** to **save 460 liters of water** per bottle
-  Purchases **100% renewable energy** for all manufacturing sites with **zero waste to landfill**
- Owns an **in-house solar plant** and is committed to setting up two more
- Reduced energy usage at facilities by **21% per unit of production and GHG by 56%**, of its 2010 levels

-  Powering its manufacturing facilities with self-owned solar panels, leading to a reduction of **over 4000 tonnes of CO2 emissions** annually
- Offers self-preserving products** without using artificial preservatives to avoid accumulation in **water systems and aquatic life forms**
-  Powered by independently verified **100% renewable electricity** from hydro stations and wind farms
- 'Ethique shampoo bars'** save three 350ml liquid shampoo bottles and **'Ethique conditioner bars'** save five bottles, **reducing plastic waste and conserving water**
-  **80% of waste is recyclable** and the remaining is utilized in waste-to-energy plants, hence achieving a **zero-waste-to-landfill** objective

Initiatives by Indian Leading Players

Initiatives by Indian Emerging Players

-  42% of energy is from **biomass, solar & wind energy**
-  **Switching to renewables**, minimizing air emissions, and managing indirect energy use for sustainable operations
- Transforming all plants into zero liquid discharge by installing **in-house water treatment plants**

-  Indian emerging brands are not transparent or disclosing information about the manufacturing process
- 



Packaging

Globally, every year the personal care industry produces more than 120 billion units of packaging waste into the environment. Brands are using recycled and eco-friendly materials in their packaging to reduce this waste.

Key Trends

Use of Recycled PET & Aluminum



- Most of the leading brands are using **Post-Consumer Recycled (PCR) materials and aluminum** allowing consumers to reuse them as refillable bottles

Packaging innovation



- Brands are actively exploring alternative and innovative methods, such as **bio-based packaging derived from food and waste materials, packaging less naked products, water-soluble, paper-based, and airless packaging**
- Some are also opting for minimalistic packaging by **reducing the weight and size of the product**

Initiatives by Global Leading Players

L'ORÉAL

- 'Elvive shampoo and conditioner' are entirely composed of **100% recycled PET**
- Reduced the weight of the 'Age Perfect refreshing toner' with a new design which **saves 14g of plastic per product**
- Offering 'Biotherm' range in **airless packaging** to increase the shelf life of natural ingredients, hence reducing wastage



- 'Love Beauty and Planet shampoo' bottles and conditioner available in **aluminum and 100% PCR resin**
- **Developed new tech to recycle black plastic** for 'TRESemme' bottles, which could not be detected or sorted for recycling



- Introduced **water-soluble personal care pouches** made from fibrous sheets having pellets that dissolve with hot water
- Introduced shampoo bars in **paper-based packaging**

Initiatives by Global Emerging Players

LUSH

- Offers 47% of their year-round products **without packaging**, referred to as 'naked,' while the rest are packaged using **recycled and recyclable materials**
- Eco-friendly packaging made from **potato starch** for online sales



- Eco-friendly and compostable packaging made from sustainably sourced **PEFC-certified paper**

Initiatives by Indian Leading Players



- 'Fiama shower gel' bottles contain **50% PCR material**, while 'Savlon Glycerine soap' wrapper uses **70% PCR plastic** in its PET layer
- Uses **bio2bio packaging** material made from materials such as **beetroot, sugarcane crop, and maize**



- Introduced 'Vatika black shampoo' made from **100% recycled PET**
- Redesigned the artwork on their product with an **80% reduction in ink usage** to make recyclability easier

Initiatives by Indian Emerging Players

mamaearth

- Uses **biodegradable and recyclable packaging materials**, such as bamboo and sugarcane



Logistics and Shipping

With the increased focus on ESG, businesses are actively seeking how to reduce their carbon footprint in logistics. Companies are exploring different ways to reduce and track their emissions.

Key Trends

Technology



Industry leaders are incorporating green transportation practices:

- **Use of bio-fuels** such as canola oil, liquefied natural gas (LNG), and others
- **Electric vehicles**

Carbon Friendly Shipping



Brands are using technology:

- To keep a **track of their carbon footprint** during transportation
- To create a digital platform for buyers to try the product before purchasing to reduce the number of returns

Initiatives by Global Leading Players

- In France, delivering products by using **canola-oil-driven vehicles**
- Switching to alternative transportation methods such as sea and rail freight, and trucks with **liquefied natural gas (LNG)** and **EVs & bicycles** for shorter distances
- Optimizing container space by 20%. It is accomplished by using **slip sheets** instead of pallets.
- Incorporating the use of digital platforms for their customers like **AI, and 3D-AR**, for makeup try-on before purchasing
- Introduced **shampoo bars** in **paper-based packaging**
- **40% improvement in CO2 efficiency** of the global logistics network (against a 2010 baseline)
- Partnered with **coZEV** (sustainable cargo) and **Smart Freight Centre** (electric vehicles) to lower GHG emissions in shipping and logistics

L'ORÉAL



Initiatives by Global Emerging Players

- Lush collaborated with **Goodshipping**, a sustainable cargo that uses marine biofuels
- Regional warehouses in Australia, the USA, and the UK enable **eco-friendly fulfillment** through bulk sea freight, **reducing emissions** (3% compared to airfreight) and minimizing air travel
- Partnered with **Cloverly** to calculate their carbon footprint in shipping and logistics

LUSH

ethique

AVEDA

Initiatives by Indian Leading Players

- **'One Supply Chain'** initiative across its entire network in India has led to route optimization, increased utilization of higher capacity vehicles, and integration of rail and sea shipments, resulting in **reduced GHG emissions**
- **Fleet of 100 electric vehicles (EVs)** in its supply chain for last-mile product distribution



Initiatives by Indian Emerging Players

- Emerging brands like Mamaearth and Souttree are yet to incorporate sustainable practices in their logistics

mamaearth





Post-Consumer Use

Companies are implementing initiatives such as recycling programs, encouraging consumers to properly dispose of products, and promoting the use of reusable packaging. Additionally, innovative approaches like upcycling and repurposing are gaining traction, allowing for the transformation of waste materials into new and useful products, further reducing the overall environmental footprint.

Key Trends

Extended Producer Responsibility






- **Established brands** are offering **plastic take-back programs** from **consumers as well as recyclers** to achieve their EPR goals
- On the other hand, **emerging brands** are taking initiatives to **take back plastics from consumers** only to comply with the EPR mandate wherever applicable

Refill and Reuse programs





- Globally **established brands** are implementing technology-driven initiatives such as **refill and reuse programs**


Initiatives by Global Leading Players

-  L'ORÉAL • Launched a **refill and reuse program** for 'Elvive shampoo' and 'Lancome perfume' in collaboration with **Loop**, a technology partner
-  Unilever • Launched a **refillable and reuse program** for 'Dove body wash' and 'Dove deodorant' in partnership with international design agency **JDO**
-  P&G • Launched a **refill and reuse program** for 'Head & Shoulders', 'Pantene' and 'Herbal Essence' in collaboration with **Loop**



Initiatives by Global Emerging Players

-  LUSH • Lush has a take-back program by the name '**Bring It Back**', where customers can get a complimentary face mask by returning five Lush pots and a \$1 discount on their next purchase
-  AVEDA • Company's **take-back program** allows customers to return their products for further reuse and conversion into waste-to-energy plants

Initiatives by Indian Leading Players

-  Dabur • Introduced **refill sachet for 'Vatika shampoo'**; through this initiative, they were able to **minimize the usage of ~5.3 tonnes of virgin plastic** in their products annually

Initiatives by Indian Emerging Players

-  mamaearth • Mamaearth has a program for **buying back post-consumer plastics** and they reprocess the waste to make baby t-shirts
-  plom • Company's **take-back program 'Empties4Good'** allows consumers to claim incentives and tokens of appreciation by returning empty used bottles

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