



Cosmetics Europe
the personal care association

TEN STEPS TO SUSTAINABILITY

All you need to know and do for a successful start

Practical guide for the cosmetics industry, in particular for small and medium-sized enterprises



Executive summary

“Sustainable development” is a demand that businesses must embrace sooner or later in order to be successful and even viable in the longer term. At present, it is not an obligation, but it is certainly an opportunity. Taking action for enhancing your company’s sustainability does not necessarily require big investments and it can bring many benefits to the company such as saving money, attracting new customers, increasing sales and improving the company’s reputation.

This document has been developed to assist companies, and in particular small and medium sized ones (SMEs) in the cosmetics sector kick-start their sustainability efforts. It is targeted at company owners / managing directors and aims to give hands-on practical advice in a way that is: simple, clear, practical, and can be applied gradually.

“Creating a strong business and building a better world are not conflicting goals – they are both essential ingredients for long-term success”

— William Clay Ford Jr. Executive Chairman, Ford Motor Company

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Introduction

Sustainability is important for both large and small companies. It is now recognised that we are consuming natural resources at a rate which is unsustainable for a world where population is increasing towards 9 billion people. At the same time, biodiversity is decreasing, land is being degraded, we cannot grow enough food for ourselves, oil production is in decline and we need new sources of electricity generation. Sustainability is not the latest fashion idea but a long term trend which will impact our lives both as consumers and as professionals working in business for the foreseeable future. Businesses that recognise this reality increase their potential for success and for longevity in the market.

In addition to the obvious benefits to the environment, society and the economy, sustainability brings many benefits to companies as it helps:

- reduce costs;
- encourage product innovation;
- maintain / increase sales;
- remain competitive in the long term;
- recruit, retain and motivate personnel;
- improve the company's reputation and its standing in the local community;
- enhance relationship with retailers;
- improve relations with financial stakeholders and when seeking new sources of finance;

In order to start the journey towards sustainability, SMEs do not necessarily need to spend lots of money or to make big changes to their facilities. It is possible to create and implement a simplified sustainability plan relevant to smaller businesses that provides real benefits and cost savings. Even without spending any money you can gain rapid benefits (high return on investment!). A simple plan is always better than no plan.

This guide shows how to introduce a sustainability plan into an SME and gives practical ideas of actions that may be considered as part of that plan. Its objective is to help your company on the way to sustainability.

The document is not prescriptive; each company, if it decides to introduce a sustainability plan, can choose to apply the steps at a pace and in ways that are compatible with its capabilities and specific circumstances.

To make a success of sustainability in any company, four things are required:

- Commitment by the top management or owners of a company;
- Communicating this to all members of the company and, when appropriate, externally to enhance the company's reputation;
- Making sustainability a part of every person's job;
- Planning actions and monitoring progress.

The Ten Steps to Sustainability

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Step 1

Know what sustainable development is

Sustainable development is defined as:

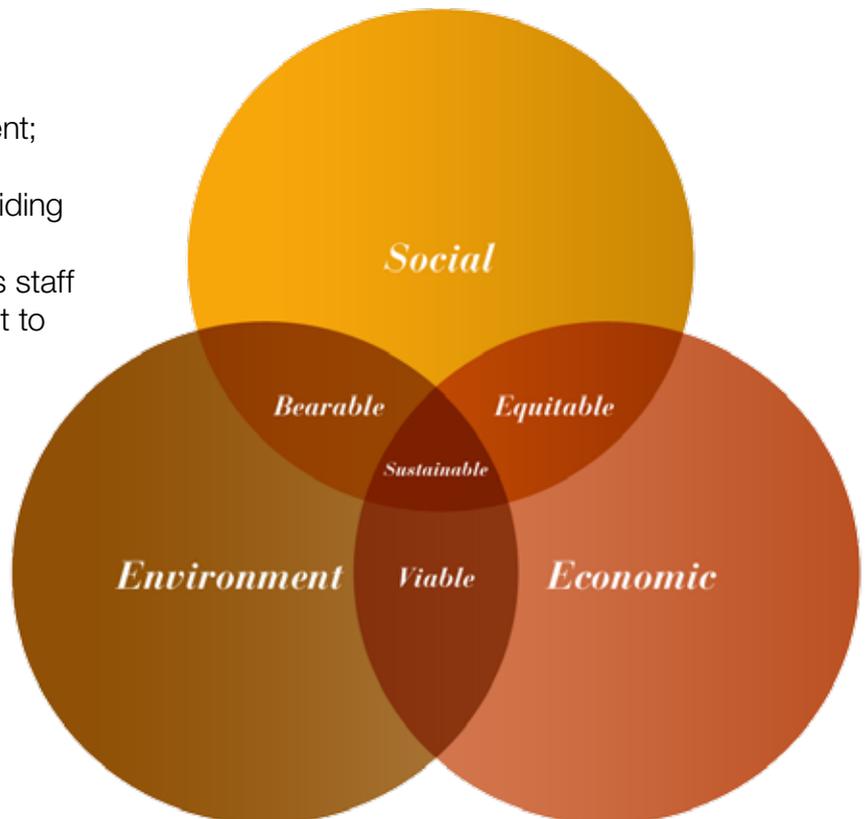
“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs¹.”

Sustainability integrates environmental, economic and social aspects of business to ensure a company is successful now and in the future.

A company can achieve sustainability by:

- developing its business and making a profit (if it fails to do this, the company has no real future);
- using its resources (money, people, materials) effectively;
- reducing its effects on the environment;
- remaining a successful part of the community in which it operates, providing jobs and paying its taxes;
- managing, training and developing its staff so that people are attracted and want to work there.

Companies already do most of these things, perhaps without realising that they are already engaged on the road to sustainability. Once this realisation takes place, and is consciously integrated into a sustainability action plan, further progress can be made and communicated to business partners, financial institutions, communities and consumers.



1. United Nations World Commission on Environment and Development, *Our Common Future* (a.k.a. the Brundtland Report), 1987

Step 2

Understand why sustainability is good for your business

Sustainability brings many benefits to companies, as it helps:

- reduce costs (also by helping understand how the company may be wasting resources).
- encourage product innovation.
- maintain / increase sales.
- improve competitive position; remain competitive in the long term.
- recruit, retain and motivate personnel; staff motivation is connected with better productivity, improved company climate and working environment (reduced environmental, health and safety risks).
- improve the company's reputation (which helps attract, maintain and motivate staff) and its standing in the local community.
- enhance relationship with suppliers and retailers.
- improve relations with financial stakeholders and when seeking new sources of finance.

Step 3

Appoint a “Sustainability Champion” within the company

We recommend that you form a (small) team to identify all the relevant issues, work out how to address them, propose the strategy and the action plan, discuss with and gain agreement of management. The team will then manage the agreed actions, engage with external interlocutors, track and report progress and communicate the programme.

Appoint a leader for the team (a sustainability champion), someone to take charge of the programme, a project leader or sustainability programme manager, for example. This person will oversee the designated team and will lead its efforts to achieve the goals. Make sure the Sustainability Champion receives the necessary resources and authority to drive the sustainability programme.

Looking further ahead, start to think how your staff may be rewarded for making a success of your sustainability project. Efforts and achievements should be rewarded, preferably in some collective way. For example, money saved through sustainability actions could be shared with all staff, e.g. by organising common activities, projects, etc. These do not have to be expensive; a barbeque or bowling evening can be very effective and better than complicated schemes. In small organizations, this type of recognition is very much appreciated and strengthens team spirit.

— Make sure the Sustainability Champion receives the necessary resources and authority to drive the sustainability programme

Step 4

Check who can help you

Each company is different and will require different sustainability efforts.

Even if you don't have an experienced sustainability team within your company, ***you are not alone!*** Help (e.g. training, sharing of best practices, advice, public funding, networking) is available from various sources, such as national trade association, public bodies, consultants.

Decide if you need external support to get started. Make a list of organisations where you may be able to get help and whether there is any cost involved.

Local, regional or national government may have programmes to help small businesses. Local chambers of commerce may also offer support. In the longer run, you can earn the support / goodwill of your local community by showing “corporate social responsibility” or “corporate citizenship”.

However, do not make the mistake of relying too much on external help at this stage. Your success will ultimately depend more on the commitment and action of staff within your own company than anyone from outside.

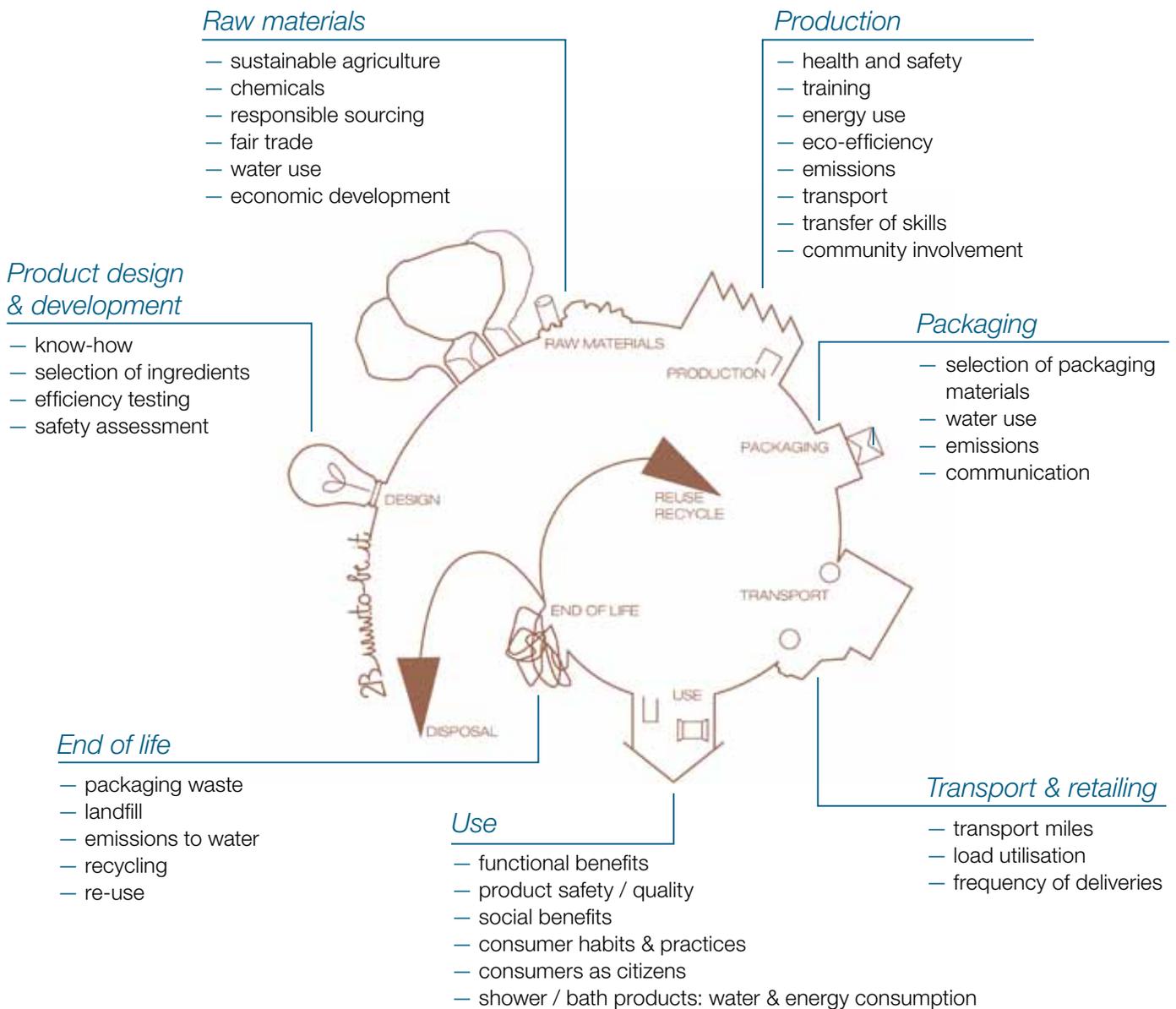
— Your success will ultimately depend more on the commitment and action of staff within your own company than anyone from outside.

Step 5

Assess your company's impacts, negative and positive (social, economic and environmental)

Using your own expertise, and environmental and sustainability work done by your suppliers, analyse your business operation to identify your social, economic and environmental impacts, at every stage of the value chain (see the chart below²).

A cradle to cradle approach, including recycling and reuse is preferable to the cradle to grave approach that stops with the generation and disposal of waste.



2. http://www.to-be.it/home_eng.asp

Step 6

Identify areas where you can act

The areas below are suggested as examples; they could be different for different companies. Check to what degree (total, some, little or not at all) you have control over key areas, for example:

- Health & safety policies and practices in the workplace;
- Product development / formulation strategies;
- Employment, training and working practices;
- Ethical policies;
- Finance and accounting policies and practices;
- Sourcing of ingredients and supplies;
- Sales and marketing policies and practices;
- Relationships with consumers;
- Energy sourcing;
- Product design and process development;
- Factory design, layout and equipment selection & purchase;
- Waste and waste disposal;
- Finance and debt management;
- Customer profile;
- Customer relationships;
- Reliability of your supply chain;
- Energy prices;
- Governments' taxation policies.

Understanding what you can control and what you can influence over the longer term is a key step in developing your sustainability action plan.

Step 7

Devise your sustainability strategy in the short- to medium term

1. Take a hard-headed look at where you stand now on all of the areas on which your company has a sustainability impact. How well do you perform? Which areas do you ignore?
2. Identify possible actions to reduce negative impacts and to increase positive impacts
3. Prioritise based on a business case
 - potential savings at manufacturing and in the supply chain,
 - product innovation,
 - market development,
 - customer relationship management, etc.) and
 - risk assessment (regulatory, reputational, financial, etc.).

If your company wishes to pursue sustainability, it should do so in a practical way, which is most suitable for its resources, location, structure, culture and nature of operations and services. The approach should be one that adds the most value to the company.

A simple management system approach, though not essential, may prove helpful in pursuing sustainability. This entails a sequential process of planning, implementing the plan, reporting and evaluating performance, adjusting the approach and periodically repeating these steps for continuous improvement.

Remember that sustainability must be an integral part of your business operations in order to be successful. That means it must complement and fit in with your short and long term business plans. Sustainability does not drive a business but is an essential component of long-term success.

Step 8

Build a Roadmap and Action Plan

Now that you have identified the areas to work on and where you hope to get to in the medium to long term, they should be written into a roadmap (a plan or guide to future actions) which broadly outlines the main goals you aim to achieve. Each step of the roadmap can be developed into an action plan. Practical examples are given in Annex III. Part of your planning will be to assess the capabilities of your staff, whether any training is required, and how to involve the relevant people in developing realistic action plans.

Prioritise your work items as High, Medium and Low in your roadmap. Concentrate on the high priorities to start with and then determine a realistic time-scale to achieve them in your action plans bearing in mind that short term plans can sometimes miss the bigger picture and de-motivate staff.

The medium and low priorities will probably be spread over a longer time span, which may last several years. Don't try to do everything at once!

Some costs may be involved. Your plan should reflect the business realities and when you can afford to invest in people and plant and equipment.

The roadmap and action plans are living tools which should be reviewed regularly and updated to monitor progress and as new targets are set. You should have some Milestones³ and Key Performance Indicators⁴ (KPIs) in your roadmap and action plans.

The roadmap and action plan should be appropriate to your own company's needs and will evolve as the company progresses on its sustainable journey.

— Concentrate on the high priorities to start with and then determine a realistic timescale to achieve them.

3. A Milestone is a significant event in a project or action plan, usually the completion of a major task or part of a task. For example, an action plan could be designed to reduce factory waste. Part of that plan may be to train all staff on how the programme will work in a series of workshops or meetings. A milestone would be the completion of all staff training.

4. A Key Performance Indicator (KPI) is term for a type of [Measure of Performance](#). KPIs are commonly used by an organisation to evaluate its success or the success of a particular activity in which it is engaged. Sometimes success is defined in terms of making progress toward strategic goals but, often, success is simply the repeated achievement of some level of operational goal (zero defects, percentage of deliveries made on time, level of debtors, etc.).

Step 9

Start your own journey to sustainability

Try to get some short term successes or 'easy wins' that quickly show everybody that progress is being made.

Do not concentrate on large, glamorous and expensive projects at the start of your work. Although it may well prove to be the case that wind turbines or photovoltaic cells to produce electricity, or reed beds to treat waste water, will give big savings, these projects will need careful investigation and assessment to decide if they are viable.

There are many more, simpler tasks and programmes that should be put into place first:

- Finalise your plans and communicate them; draft plans are easily ignored.
- Monitor your progress and communicate results back to the business and its people. This is the best way to maintain interest and commitment to change.
- Don't forget that, at a later stage, you will want to publicise your activities to a wider audience such as consumers, retailers, local communities and, perhaps, potential investors.
- Remember that change is often a source of workplace stress. People are only motivated by a challenge if they feel it is achievable and worthwhile.
- Employees have the insight required to implement change effectively, so involve them. When given the chance, employees often find the greatest resource efficiency and cost savings – their input is vital.

Step 10

Regularly review progress and maintain communication

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. Regular reviews and reporting, highlighting successes and failures, will be needed. These reports do not have to be complicated; simple stories explaining what work is being done will help to demonstrate that the company remains committed to sustainability.

Do not be afraid to communicate successes and failures both inside and outside the company. Make it clear why things haven't gone to plan and what you are going to do about it. It is the direction of travel which is important.

A big budget is not essential for successful communications. You can make the most of whatever money you have by planning properly and, when relevant, partnering with other organisations.

Internal communication

By communicating internally in a clear and consistent fashion, your sustainability journey becomes an ingrained part of your company culture – one that your employees can understand and take pride in, increasing their satisfaction and commitment. Don't forget that staff are not only a corporate asset, they are also part of the community and therefore stakeholders. They can be effective emissaries for the facility and the company if you make the effort to inform and involve them.

How? The best way is one that is consistent with your organization, its internal culture and history. Here are some examples taken from small businesses:

- Regular, short meetings to train employees about the meaning of sustainable development,

to create a common understanding of internal sustainable development projects and how they fit into the overall objectives of the organisation.

- Create a “Sustainability Noticeboard” or a “Sustainability Corner”. All sustainability projects are summarised and grouped together in the same place, at the disposal of staff and visitors alike. It should also have somewhere for all offers from suppliers for sustainable services (such as printing, mailing or company cars) and resources (such as raw materials) to be kept until they are needed.
- If your company has an intranet system in place, staff can upload updated information on the action plan and the relevant achievements. Newsletters or magazines could also be used.

External communication

By communicating externally to selected stakeholders (business partners, suppliers, service providers, customers, community, etc.), you are setting expectations about how you do business. This can influence both your stakeholders' practices and those in the wider community as well. It is also demonstrates you share your stakeholders' commitment to sustainability. Increasingly, investors, retailers and consumers have expectations about sustainable business practices from the companies they buy from or invest in.

There are many ways to communicate externally. But the best ways are those that suit the specific needs and culture of your company. Examples are publicly available corporate and site reports, a company web-site, and even social networks to involve customers and inform them about your sustainability programme. Company newsletters, site visits or open days, and business meetings are all opportunities to promote your work on sustainability, as are marketing communications and promotional materials.

ANNEXES



Annex I⁵ – Practical ideas, suggestions and examples

A. Requirements for Success

To make a success of sustainability in any company, four things are required:

- Commitment by the top management or owners of a company
- Communicating this to all members of the company
- Making sustainability a part of every person's job
- Planning and monitoring.

Commitment

Whether it is called a Vision, a Philosophy or a simple Company Position on Sustainability, it is important that all company employees understand that its management and owners are committed to a more sustainable future in the longer term. Sustainability cannot happen overnight; it will take time and effort but should ultimately be of benefit to the environment, the company, its employees and to the community where it operates.

Communication

Everyone in the company must play their part if sustainability is to be successful. Everyone will need to understand what sustainability means if they are to play their part and so some internal education will be necessary at the start. Regular progress reports and highlighting successes, and failures, will be needed. These do not have to be complicated; simple stories explaining what work is being

done will help to demonstrate that the company remains committed to sustainability. Do not be afraid to communicate successes and failures both inside and outside the company. It is the direction of travel which is important.

Sustainability is everyone's job

Success is more likely if everyone is responsible for sustainability. Not everyone can make a big contribution; but lots of smaller, everyday contributions soon add up. Attention to detail and making the right choices, whether it is purchasing office supplies, running production lines more efficiently or reducing waste are all part of sustainability.

Planning & Monitoring

Planning is key ingredient for any long term programme such as sustainability. Once you get started, momentum is vital. Use the plan, do, check, act framework

- Plan: Work out what needs to be done and how
- Do: Implement the plan
- Check: Make sure your plan is delivering the results you expect
- Act: Take any corrective action required and ensure good practice is 'locked in'

Revise and repeat the Plan-Do-Check-Act cycle on a regular basis.

5. All references to external content (publications, websites, companies) are included as examples. Cosmetics Europe does not endorse or recommend any such external content in particular.

B. Assessing your company's impacts

In order to decide what areas or projects to work on, you need information on which to base your decision. Ask yourself some questions and see if you can collect some hard facts or measurements that will help you. For example:

Environment

Water used; waste water & quality of effluent. Water can be measured; where do you use it, how do you use it, how much do you use and how much does it cost? Does your municipality or sewerage company charge you more for poor quality effluent as well as for the volume discharged? Once you have this information, you can investigate ways to reduce your costs as well as improve your environmental profile.

Water used in ingredients: there is an increasing focus on water use up the supply chain, for example, how much water is used to grow natural ingredients and to process them into cosmetic ingredients. This is a difficult issue for small companies to address.

Part of the Cosmetics Europe guidance for SME's is a set of documents on life cycle thinking for specific product categories. These include a simplified life cycle assessment profile. Where one of these profiles, skin creams for example, shows that water embedded in the supply of your ingredients, or packaging, is a significant environmental impact, some action is appropriate.

For instance, this could be done by asking your suppliers if they have any data and whether or not they have their own sustainability plans that include a reduction in water use. See also Section 1.3.3 Buying Ingredients.

Energy used & balance between gas, electricity and oil. Energy can be measured; electricity is

the easiest but energy from gas or oil needs to be converted into common units, usually kWh (kilowatt-hours). But how and where do you use this energy? How much is used in manufacturing and how much in offices and warehouses? Is your energy consumption directly related to your production volumes or to the weather? If it is the weather, then obviously this increased energy use must be for heating. Armed with these facts you investigate your largest energy uses in more detail and decide where there might be scope for energy reductions. See also Annex 1.3.2 Energy

Waste: how much waste goes to landfill? How much do you recycle? Can waste materials be diverted to recycling? Can waste be prevented? See Annex 1.3.6 for more ideas on waste.

Transport arrangements: how are goods delivered and shipped? How often? Are the vans or lorries you use full or only half-full? How local are your supplies of ingredients and packaging? Do you take delivery costs into account as part of your decision on sources of supply? See Annex 1.3.3 for more ideas on transport.

Economy

A similar process should be used for finance and management practices. Unless you ask the right questions and look for alternatives, you will tend to use the practices that have worked well in the past. Do not be afraid to ask questions about your business. If the answers show that you are using the best techniques, that is good. However, no business is perfect and you are certain to identify some areas that can be improved. To get started, look at the following:

reputation management; payment practices; sources of finance; reliance on a few large

customers; debtor planning and management; foreign exchange risks; internal controls and compliance, tax planning, cash flow forecasting.

Remember to collect both hard data and soft data to inform your decision making. For example, what do your customers think of you and what do your suppliers think? That is soft data. How long do you take to pay your bills and how long does it take to receive payment for your goods are hard data. Some of this information can be collected routinely and used as a baseline for improvement.

Society

You have almost total control over the social aspects of sustainability. For example, you can record the number of accidents and see if there are benchmarks for your sector or similar sized companies so that you can compare your performance. Flexible working may be beneficial for certain parts of your operations and may also be attractive to some of

your staff who work in those areas – a possible win-win situation. Do your factory operations annoy your neighbours? Areas to examine include: *health & safety; education & training; noise and factory emissions; flexible working & work-life balance; ethical policies, charities, social volunteering activities.*

An example of a checklist covering the five main goals discussed in Step 1 is given below:

<i>Question</i>	<i>Answer Yes/No</i>	<i>Priority</i>
<i>Developing business and making a profit</i>		
Have you appointed a staff member who is responsible for implementing your sustainability policy/to be head of team?		
Does your financial management policy need a closer look?		
Do you have a good debtor planning and management policy?		
Do you closely follow your policies on payment practices?		
Do you forecast your cash flow for the year ahead?		
Are your customers, staff and suppliers made aware of your sustainability goals and actions (folders, web-site, staff training...)?		
How successful are you at retaining your existing customers?		
Do you monitor the average number of repeat or new orders from existing customers?		
What is the balance between new and existing customers? Do you measure and monitor it?		

<i>Question</i>	<i>Answer Yes/No</i>	<i>Priority</i>
<i>Using resources effectively</i>		
Do you have a strategy in place for purchasing sustainably/ethically-sourced goods/raw materials/packaging?		
Can you quantify the amounts of energy (by type) used within your operation?		
Do you have a policy to maximise the use of renewable energy?		
Do you have a policy for energy reduction / use of energy efficient machines, lighting, etc.?		
Do you have a water management plan in place and measure your organisation's water consumption?		
Do you have a plan in place to review cleaning practices to reduce water consumption (e.g. high pressure equipment and low-water cleaning products)?		
Do you have water-efficient installations in place? (low/dual flush toilets, low flow taps, ...)		
Are your premises adequately insulated?		
<i>Reducing effects on the environment</i>		
Do you promote public/shared transport to your staff and customers?		
Do you recycle grey water or treated wastewater?		
Do you collect, store and/or reuse rainwater?		
Does your operation have minimal irrigation landscaping?		
Are waste minimising, reuse and recycling strategies in place?		
Does your organisation have a strategy in place to reduce packaging waste or to use more sustainable packaging materials?		
Is your organisation's waste recycling recorded?		
Is solid waste disposal to a known, sustainable landfill?		
Does your operation have a commitment to the reduction of greenhouse gas emissions?		
Do you calculate your operation's CO ₂ emissions?		
Does your operation offset CO ₂ emissions?		
Have you carried out a life cycle analysis on any of your products?		

<i>Question</i>	<i>Answer Yes/No</i>	<i>Priority</i>
<i>Community awareness</i>		
Do you participate actively in local community efforts?		
Do you seek to use local contractors and local goods where possible?		
Do you try to employ local staff where possible?		
<i>Managing, training and developing staff</i>		
Is your organisation an actively participating member of your national professional association?		
Does your organisation have an up-to-date health and safety policy?		
Does your organisation actively promote good working conditions for men and women alike and provide facilities for handicapped personnel?		

C. Practical examples

1. Capital Spending

When renovating or designing from new, do not build in high running costs. Running costs, including maintenance, should form an important part of any decision on capital spending. The lowest capital cost is not necessarily the right decision in all cases.

2. Energy

Energy is likely to be a big cost and relevant to all companies. The largest energy uses are likely to be for heating of offices, manufacturing buildings and warehouses, process heating and cooling. The price of energy from electricity and oil is likely to continue to rise. Natural gas or propane looks likely to be more stable. Any permanent reduction or more efficient use of energy will save money in the long term.

Look at your electricity, gas and fuel suppliers and check whether they offer energy from renewable sources. For example, electricity generated from wind turbines, gas from biomass or oil from vegetable sources. A company can also examine the possibilities of generating its own power from renewable sources. For example, co-generation of electricity and steam or hot water is now a practical alternative for smaller scale operations.

2.1 Office heating and air conditioning

There is not much that can be done to existing offices without capital spending. Having working thermostats to control the temperature, having a number of different heating zones that are controlled by their own thermostat, and controlling the hours when heating is 'on' are the simplest steps to take.

Where offices are likely to be too hot because of heat from the sun (solar gain), solar shading fitted outside the building can prevent direct sunlight

shining in through windows. Fitted to south and west facing windows, this can significantly reduce any air conditioning or cooling requirements. Fitting internal blinds or curtains does not stop heat entering the building.

When renovating or designing from new, consider heat pumps for heating and cooling of offices and factory buildings. Electric, air source heat pumps generate between 3 and 5 times more energy compared to the input of electrical energy. Ground-source heat pumps may be slightly more efficient but have a higher capital cost. Slightly more expensive systems can provide cooling as well. Heat pumps are a tried and tested technology.

Technical Note: Heat pumps transfer heat from one medium, such as outside air or ground water, into another medium such as water. Powered by electricity, they are most efficient when the output temperature is relatively low (e.g. 30°C or 40°C) and so are best for uses such as underfloor heating, for example. They are less efficient the higher the output temperature. For this reason, a careful assessment of capital costs and potential savings for any given project should be carried out.

2.2 Factory buildings

Direct gas fired space heating, using natural gas or propane, is likely to have the cheapest capital cost for heating large spaces with low running costs and maintenance costs. However, there are technical limitations on where they may be used. Don't forget to look at heat pumps as well. If people only work in a part of the area, set a lower air temperature and use radiant heaters in the areas where those people work.

For high ceiling buildings such as warehouses, install large bladed, slow speed ceiling fans to

circulate the warm air that has risen up to the ceiling or roof space. Apart from reducing your energy costs, this low cost solution will improve the storage conditions for both ingredients and finished products. And keep the temperature lower; a few degrees will save a large amount of money. It is often said that turning down the thermostat by 2 degrees from the 'normal' temperature can save 15% of the energy cost.

2.3 Process equipment

Steam jacketed process vessels are inefficient and slow at heating up the contents. If you heat a large volume of water for your process or for cleaning the vessels, consider a dedicated water-on-demand heater. This will reduce your process times. To save energy and reduce wastewater, consider a clean-in-place system which uses high pressure water jets from nozzles to clean out tanks. Because it is more efficient at cleaning, it uses less water and less energy as there is less water to heat.

Cleaning out vessels can also be reduced by arranging your manufacturing in campaigns where, for example, different types of creams or shampoos are made in a sequence without any intermediate cleaning.

Investigate cold emulsification technology. More and more ingredients are becoming available that allow stable emulsions to be manufactured without any heating, although not all product types can be made in this way.

3. Business Management

Not all of your impacts are directly under your control. You will buy in many goods and services, from gas and electricity through to packaging components and ingredients. There are many opportunities to improve your sustainability and reduce costs as well.

3.1 Buying Ingredients

Recognise that you cannot do everything yourself. It is difficult to take a full life-cycle approach to all of the ingredients you use in order to select

those with the smallest environmental impact. However, you can make use of environmental and sustainability work done by your suppliers.

Suppliers may be a valuable source of information and expertise regarding the environmental impact and the sustainability profile of ingredients. Relevant issues on which you may want to ask for additional information are:

- Does the supplier (or his manufacturer) have its own sustainability programme?
- Does the supplier make use of green chemistry principles?
- Does the supplier have an ethical sourcing policy?
- Does the supplier consider the effects on biodiversity or other local environmental impacts when sourcing his raw materials?
- Does the ingredient biodegrade readily?

3.2 Using Ingredients

One criticism of some cosmetic products is that they use too many ingredients. Do they all perform a useful function? Even development chemists are not always sure. Using too many different ingredients or too high a concentration of some ingredients is expensive and introduces complexity into your organisation. You may also be using several ingredients in different product ranges that perform similar functions. Often this "just happens" over a period of time without anyone really noticing.

Consider a project to rationalise the number and types of ingredients you use. Consider whether you are using an effective concentration of particular ingredients and try to design out ingredients from your product ranges.

3.2.1. Minimalist Formulation

The basic philosophy is:

- Fewer ingredients at lower concentrations are superior but product performance must not be reduced.

- Always know why you are adding an ingredient. Often, new formulae may be based on older, tried and tested formulae but it may not be obvious why certain ingredients were used. What happens if an ingredient is removed altogether?
- Once you have a formula that performs well, reduce the concentration of ingredients one at a time and see if the performance is affected.
- Always blind test your products and be objective about the results.
- Always compare your ‘new’ formula against a “standard”, either one of your own successful products or a brand leader in the marketplace

For more information on minimalist formulation, see:

<http://chemistscorner.com/cosmetic-formulation-philosophy/>

3.3 Delivery costs

Delivery charges are often a ‘hidden’ cost that is not always taken into account when deciding on the purchase of goods, ingredients and packaging materials. Frequent deliveries of small volumes of materials can increase costs substantially.

Consider buying larger volumes of ingredients or packaging materials with fewer deliveries. Balance the increased capital requirement and interest charges against any savings, including bulk discounts.

Some suppliers of packaging materials may offer a better price for larger orders. Some will even hold the goods for call-off when required. You may get a better price because the supplier can manufacture more efficiently with larger production runs.

3.4 Sales and marketing

As a company grows, it is common to find that one or two large customers are taking a larger and larger proportion of a company’s products and sales. While this appears to be a sign of success, it is also a potential weakness.

Many retailers foster long term relationships with suppliers; some do not or circumstances change. The loss of a dominant customer can have catastrophic consequences for a small business; on sales, profits, cash flow and employment within the company.

To be sustainable, a company must try to diversify its customer base and reduce the dominance of large customers. That way, any loss of a major contract or sales channel becomes more manageable.

If your company finds itself in this situation, set an ambitious target and plan to broaden your sales outlets, for example:

- no single customer to take more than X % of your sales within 5 years.

4. Office administration and new ways of working: paperless office policy

Much has already been written about the reduction of the use of paper in the office environment. The photocopy industry has built its success on the failure of companies to reduce their use of paper. But now, more than ever, the new, readily available electronic means of communication should halt the ever increasing use of paper. In practice, however, the move away from paper will not happen automatically, without help.

Some training may be required to enable staff to make best use of the features and capabilities of software programs used in the company. And some research may be required into computer applications that allow integration of certain tasks, such as ordering and invoicing, between the company, its customers and suppliers. For example:

- the learning and application of advanced features in Outlook such as the shared agendas and tasks;

- the use of video or web conferencing;
- externally, sharing in-house software programmes with customers: introduction of orders directly into the IT system;
- internally, development and use of shared hard disks, such as NAS (network attached storage) or servers, where documents are posted instead of having them printed and then circulated;
- implementation of the latest legal developments authorising the use of digital invoices instead of paper ones;
- establishment with all third parties (customers, suppliers, bankers, administration, social security services) of close IT cooperation in order to benefit from all new developments in the field;
- communication: making use of social networks instead of the traditional means like mailings, leaflets, brochures or magazines.

5. Employment policies

It only takes some time and effort to write a policy on employment, equal opportunities and training. A simple policy communicated to all employees will reflect positively on you as the employer and create a good impression with anyone considering applying for a job with your company in the company.

6. Personal transport

6.1 Car pooling

Already in place in many countries but it still remains a minority means of mobility. The Sustainability Champion in every company should investigate the possibility of organising car pooling and not let it be organised by the people themselves. To organise joint and common transportation requires effort but has certain collateral advantages. What better way to start the day than chatting with colleagues in the car on the way to work – and it may even be productive!

6.2 Company car procurement

Perhaps the most visible way to express support to the sustainability approach and yet probably the most difficult to realise. Cars in general and company cars in particular are more than vehicles. They are status symbols and part of the salary package. To ignore these dimensions will automatically lead to failure. This subject is more psychological than mechanical and, if it is to have any chance of success, the example should always come from the top management. It is not unusual in SMEs for “the boss” to reward himself with something special but not everybody in his or her company will have access to: a nice car. Performance is the favoured criterion, so the ratio litre/100 km or miles per gallon is rarely taken into consideration. The success of a sustainability approach will sometimes depend on details.

New technology drive mechanisms are gradually appearing in cars, although we will have to wait another one or two years before we will see genuinely feasible and affordable alternatives on the market. The choice for new cars should then be based on fuel efficiency, functional adequacy and necessity for professional use. Previous criteria such as position in the organogram, status symbol, and salary package should make way for efficiency and a real justification for use. A revolution – to be planned in advance.

6.3 Alternative transportation

The use of alternative means of transportation will vary greatly from country to country. The use of bicycles in northern countries where the cycle paths are well developed and maintained will be easier to promote than in hilly countries lacking such an infrastructure. Inside industrial estates, where public transport is not always present, a better or closer collaboration between companies from the same site can help find solutions that would be impossible or uneconomical for a company to promote on its

own. Here again, this will not happen without some efforts from the Sustainability Champion. This may mean knocking on neighbouring company's doors to set up joint projects – usually a well-received and welcomed initiative!

7. Waste

7.1 General waste

Waste⁶ is one area that can be targeted profitably in any business. Remember:

- the greenest kilowatt-hour is the one you don't use;
- the greenest litre of petrol, diesel, and heating oil, or the greenest m³ of gas, is the one you don't burn;
- the greenest waste skip is the one you never fill.

So, how should you think about what constitutes waste? Waste is any measurable cost that goes into a product that doesn't add value for the customer.

That means not only rejected products on the production line or damaged packaging but anything not done right the first time. That could be a misdirected shipment; a wrong invoice; a missed delivery date or anything else where a mistake has been made.

Disposal of waste to landfill is seen as the worst environmental option by experts, governments and politicians alike. EU directives set targets and penalties for waste going to landfill in each EU country. As a result, it is getting more difficult to use this form of disposal and costs continue to rise. And, of course, there is the cost of buying the ingredients and packaging in the first place, the costs of production, storage, transport and man-hours used to deal with waste. Often, these costs are 'hidden' and not transparent.

Obviously, it is better not to produce waste at all but this is easier said than done. However, a concerted effort to eliminate, reduce or divert waste (to recycling for example) can have a big impact and is looked upon favourably by all staff. Everyone appreciates that waste is money as well as an environmental problem and tackling it is a sign that the company cares about these things.

Set targets to reduce waste such as:

- eliminate all waste going to landfill within 10 years;

7.2 Packaging waste going to landfill within 10 years

Packaging waste is the same as any other waste; it needs to be controlled and reduced. When you add up the costs of buying packaging in the first place, handling and production costs, the costs of the cosmetic product filled into the packaging, sorting and disposal costs, it can be surprisingly expensive.

However, there is also a legal requirement to minimise packaging in the EU. In addition, although it may not be high in your assessment of environmental impacts for your company, it has a high profile with consumers and therefore retailers. So try to introduce, as a minimum, a simple assessment procedure, with record keeping, so you can both minimise packaging and demonstrate what you do when asked.

There is lots of guidance available on how to minimise packaging but see our summary guide in Annex IV to give you some ideas. As our guide says, it starts at the design stage and involves making decisions on almost every aspect of the packaging manufacturing process as well as the way your own company uses packaging.

6. Example adapted from: *Confessions of a Radical Industrialist: How Interface proved that you can build a successful business without destroying the planet*, by Ray Anderson (Random House, Feb 2011)

8. Your Sustainability Policy

This is your company's commitment to operate according to the sustainability principles (financial, social and environmental) that are most important and relevant to your company.

8.1 Components

A typical sustainability policy should be no more than one side of A4 paper and incorporates the following elements:

- introduction;
- responsibility for the policy's implementation;
- aims of the policy;
- objectives and targets through which these aims will be met;
- monitoring and auditing;
- communicating the policy to stakeholders, e.g. customers, shareholders, employees, regulators and neighbours.

8.2 Useful tips

- Keep it concise, simple and clear
- Make sure it is relevant to what you actually do
- Make sure it covers the most important sustainability issues for your company
- Set realistic aims and objectives
- Have the policy endorsed by the managing director or owner of the company
- Date the policy
- Communicate it to all employees
- Make it publicly available and include it in marketing material, tenders, etc.
- State that you will review the policy annually to make sure it is still relevant.

Annex II – Example of a Sustainability Policy

It is generally recognised that businesses and society must operate in a way that does not compromise the ability of future generations to meet their own needs.

XYZ company is committed to running a sustainable business taking account of the environmental, social and financial aspects of sustainability.

We aim to:

- Control our environmental impacts by considering our sourcing of materials, energy and water use, and waste.
- Be part of a successful local community and a good employer. We will use local suppliers and employ local people wherever possible.
- Be financially secure, acting responsibly and ethically.

We will review our operations to identify the main impacts of our business and take action to reduce those impacts.

We will publish our sustainability plans and our progress in meeting those plans.

All of our staff must play their part if our business is to be truly sustainable. We will involve our staff in the development of our sustainability plans and in their implementation.

John Smith, Managing Director, is responsible for our sustainability programme.

Signature

John Smith
XYZ Company

Annex III – Examples of Roadmap and Action Plan

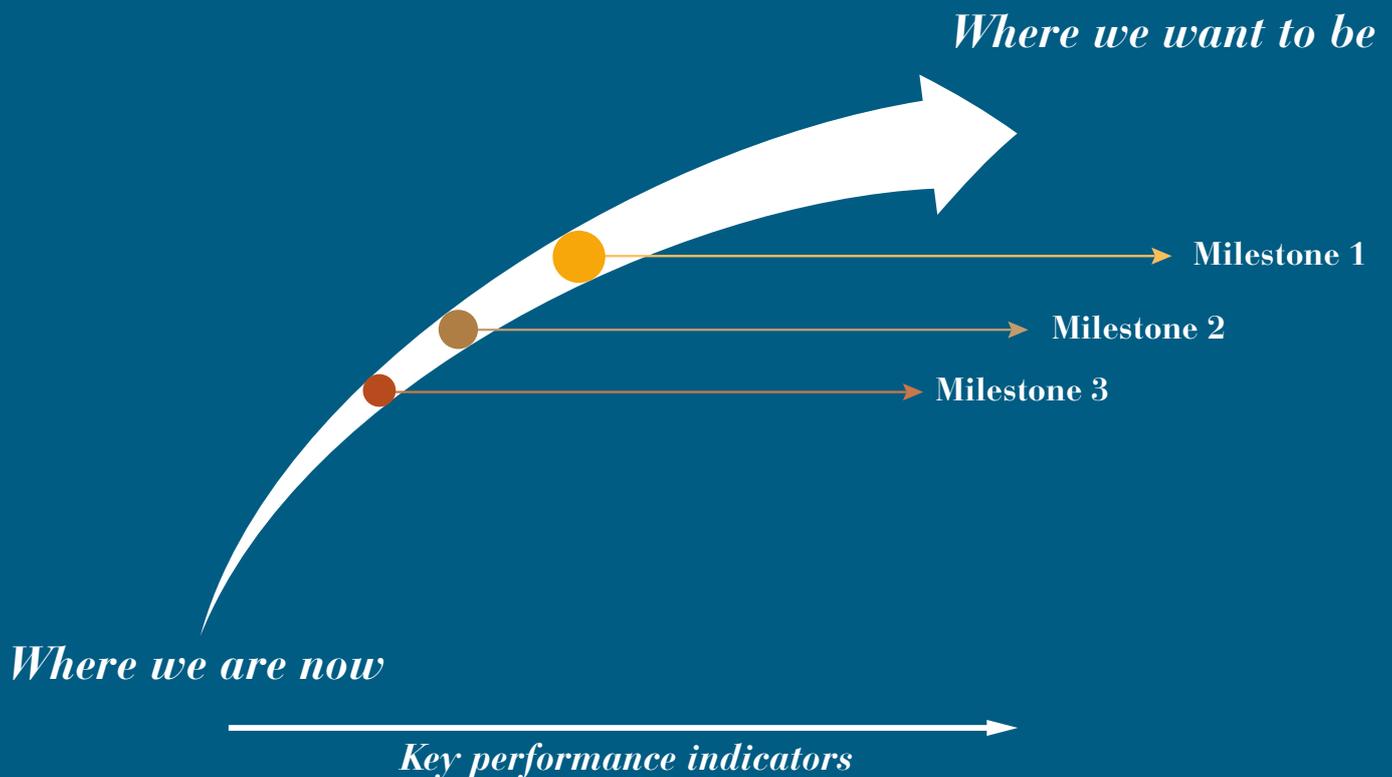
There are many possible formats for roadmaps and action plans. They can be simple text documents, tables, charts or block diagrams with actions defined as blocks of time. Use whatever format you are comfortable with or one that is preferred within your company.

Remember that these are tools to help in the planning and execution of projects. Whilst being visually attractive may be a benefit in

communicating the plan, that may not always be practical if there is a lot of detail or you if you want to use it to monitor progress.

Roadmaps and action plans are documents to help you move from one position to a better one.

Roadmap Illustration



Example of a roadmap, to be adapted by each company to its own circumstances:

	<i>Timescale</i>	<i>Person responsible</i>
<p><i>Developing business and making a profit</i></p> <p>Put in place sustainability management team and internal communications.</p>		
Review expectations and requirements of external stakeholders and how this might affect the business.		
Marketing & sales review of trends in the market and how this might affect current and future products and manufacturing capabilities.		
Review financial management, in particular credit controls and currency hedging.		
<p><i>Using resources efficiently</i></p> <p>Audit use of oil, water, gas and electricity. Identify programmes and projects to reduce consumption. Recommend reduction targets and timescales.</p>		
Ingredient rationalisation project. Review uses, identify obstacles to reducing the number of ingredients used. Recommend a reduction target and timescale.		
Set up programme to measure, monitor and report on all significant inputs and measure waste where possible, e.g. ingredients, packaging, water.		
<p><i>Reducing effects on the environment</i></p> <p>Monitor waste quantities per type. Investigate projects & procedures to eliminate process waste, manufacturing waste and waste to landfill. Investigate possibilities of increasing recycling and use of recycled materials (e.g. packaging). Recommend targets.</p>		
Introduce sustainability criteria into all purchasing decisions.		
Packaging materials project: look into new packaging materials and review our systems for minimising packaging.		
Investigate potential for car pooling		
Investigate potential sourcing of renewable energy, including the installation of Solar/PV Panels		

	<i>Timescale</i>	<i>Person responsible</i>
<i>Community awareness</i>		
Employ local staff and use local contractors where possible		
Health & safety: review policies, procedures, training and first aid provision. Compare accident statistics and performance against industry benchmarks and best practices.		
Organise end-of year bowling evening to reward the team effort in sustainability		
<i>Managing, developing and training staff</i>		
Put management & technical training plan in place		
Develop social events programme. Consider how to reward all employees for positive achievements in our sustainable development programme.		

Example of an Action Plan for the first step in the first section of the Roadmap example above:

<i>Action</i>	<i>Target</i>	<i>Timescale</i>	<i>KPIs & milestones</i>	<i>Responsible / contact person</i>	<i>Status</i>
<i>Put in place sustainability management team and internal communications</i>					
Gain commitment of Board and Management Team	Unanimous support	Q4 2012	Board and Management Team Commitment obtained	XXX	Done
Appoint a Sustainability Champion	1	Q1 2013	Sustainability Champion appointed	XXX	Done
Create a Sustainability Team	1	Q1 2013	Sustainability Team created	XXX	Done
Brief the Team on the new Sustainability Project and initial ideas for sustainability actions; organise regular follow-up meetings	1/month	Q2 2013	Initial briefing held; Monthly meetings organised	XXX	Done; Ongoing
Develop communication strategy to cascade the new commitment and broad objectives to the whole workplace	Quarterly review	Q4 2013	Communication strategy developed; Internal communication plan in place	YYY	In progress
Cascade communications throughout the company	Quarterly review	Q2 2014	Internal communication plan implemented	YYY	In progress

Annex IV – Design tips to minimise packaging

Design packaging to minimise waste

Designing your packaging to minimise waste is usually the most cost-effective option and the best for the environment. You can do this in a number of ways.

Techniques for **reducing production losses** include:

- choosing a package shape that minimises waste material
- enquire whether suppliers use computer-aided design/manufacturing systems to plan more efficient packages or component layouts

Techniques for **eliminating packaging** include:

- reducing packaging to zero
- eliminating unnecessary layers of packaging
- reducing or eliminating the use of adhesives and tapes
- using embossing or in-mould direct printing to avoid using labels

Techniques for **reducing voidspace fillers** include:

- reducing unnecessary voidspace in containers, e.g. where there is a cartonboard pack around plastic inner packaging
- avoiding using fillers – such as expanded polystyrene blocks or bubble-wrap
- considering using air as the packing medium to protect fragile products

Techniques for **lightweighting and downsizing** include:

- eliminating one or more layers to reduce the overall package weight

- replacing blister packs with cardboard packs
- not using plastic film windows
- using double-walled instead of triple-walled corrugated board when strength is needed
- strengthening individual materials to allow you to reduce overall material use
- reducing the average thickness of the packaging where possible
- enquiring whether suppliers use computer-aided design/manufacturing systems and associated tools
- avoiding putting strength into secondary transit packaging if this is not necessary

Techniques for **reducing energy** include:

- using low melting-point adhesives
- considering alternative inks, adhesives or coatings
- reducing the sealing temperature for films

Techniques for **improving transport efficiency** include:

- choosing packaging shapes that will maximise case and pallet utilisation and transport efficiency
- considering using distribution pack sizes that maximise pallet use and transport efficiency
- adapting packaging to slightly underhang if the pallet dimensions are not exact multiples of the pack dimension

Reduce the use of hazardous substances in packaging

When designing your packaging, there are four key types of hazardous substances your business must be aware of:

- heavy metals – such as lead, cadmium, hexavalent chromium and mercury. Legally,

- they must be below 100ppm
- industrial solvents in inks
- coatings and adhesives
- paper-bleaching chemicals

Hazardous substances may be present in packaging made from recycled materials. Your packaging suppliers should know this and be taking steps to ensure they don't introduce these hazardous materials into their products.

You can design your packaging to minimise the use of hazardous substances by:

- using paperboard that is unbleached or that only uses a totally chlorine-free or an elemental chlorine-free bleaching process
- using inks that have a low environmental impact – such as water-borne, ultraviolet curable and litho inks – instead of organic solvent-borne inks
- considering water-based adhesives instead of solvent-based products
- using the material safety data sheets that suppliers must provide

Design packaging for easy distribution

The design of your packaging should take into account how the end products will be transported to their final destinations. As several transport types could be used, you should make sure that the packaging is designed efficiently, but is robust enough to survive what could be multiple journeys.

Distribution

You should consider a number of factors when designing new packaging for distribution including:

- how the packaging will contain and protect the contents
- how the packaging will withstand the pressure of stacking

- how the packaging will react to climate changes, vibration and impacts
- ease of handling
- the ability to carry information – such as radio frequency identification (RFID) tags and barcodes
- how effectively space can be used during storage, transport and handling and point-of-sale at retailers
- customers' requests for any special requirements with their packaging

Transport

Good packaging design can also have a major impact on the transportation of goods. It is important to design your packaging so that:

- its weight is kept to a minimum
- it can fit into the transport types that will be used
- it is designed to ensure good use of pallets
- it can survive when transported by sea, where goods have more chance of damage

Design packaging for recycling

One option for your used packaging is to design the packaging so that the end user can recycle it. You can make your packaging compatible with collection and recycling systems by:

- avoiding materials that are not standard and may cause recycling problems
- making your packaging compatible with established recycling processes
- designing packaging that minimises any product residue
- ensuring your packaging can be easily disassembled

Single materials and compatible polymers

You can increase recycling rates by:

- using corrugated board on its own instead of cardboard that has previously been

- combined with expanded polystyrene or plastic
- eliminating blister packs where possible
- designing packaging for single polymer use where possible
- clearly identifying polymers used

Minimising contamination

You can increase recycling rates by:

- avoiding the use of colorants in plastic packaging wherever possible
- minimising the use of inks, adhesives and other coatings
- minimising the use of labels
- using easy-to-remove fasteners rather than tape on transport packaging
- avoiding the use of pressure-sensitive adhesives and cold-seal adhesives on paper and board packaging
- avoiding the use of plastic and foil laminates and ultraviolet varnishes on paper packaging
 - e.g. cartons – unless essential

Making contamination easier to remove

You can increase recycling rates by:

- using recycle-friendly adhesives on paper packaging
- considering using water/acrylic-based emulsions and starch-based coatings on paperboard instead of polyethylene and wax laminates
- using inorganic vapour-deposition coatings that can also be readily recycled – e.g. those based on silicon dioxide or aluminium oxide

Design packaging for energy recovery

For some types of packaging, the best environmental option may be to design the packaging so that energy can be recovered from the waste materials. To be classed as ‘energy recoverable’, packaging must generate more energy than that needed to drive the combustion process. To be sure of this ‘calorific gain’, the net calorific value must be at least 5 megajoules per kilogram.

The following types of packaging are considered energy recoverable:

- packaging composed of over 50 per cent by weight of organic materials – such as wood, cardboard, paper and other organic fibres, starch and plastics
- thin gauge aluminium foil – up to 50 micrometres thick.

Packaging consisting of more than 50 per cent by weight of inorganic material – e.g. ceramic, glass, clay or metals – may be declared energy recoverable if you can demonstrate that there is calorific gain.

The only design consideration is to ensure that any noxious or hazardous constituents of packaging should have a minimal impact on the environment when it is treated to recover energy. The combined concentrations of lead, cadmium, mercury and hexavalent chromium must not exceed 100 parts per million.

Annex V – Useful links

Cosmetics Europe, the Personal Care Association: www.cosmeticseurope.eu

Cosmetics Europe's Sustainability Website:

<http://www.cosmeticseurope.eu/safety-and-science-cosmetics-europe/sustainabilityforasuccessfulfuture.html>

Good Sustainability Practice for the Cosmetics Industry, Colipa, 2010:

<http://www.cosmeticseurope.eu/safety-and-science-cosmetics-europe/sustainabilityforasuccessfulfuture.html>

National Associations, members of Cosmetics Europe:

Active members:

Austria:	www.fcio.at	Lithuania:	www.likochema.lt
Belgium:	www.detic.be	Norway:	www.klf.no
Bulgaria:	www.bnaeopc.com	Poland:	www.czystepiekno.pl
Czech Republic:	www.cszv.cz		www.kosmetyczni.pl
Denmark:	www.spt.dk	Portugal:	www.fiovde.pt
Estonia:	www.keemia.ee	Romania:	www.rucodem.ro
Finland:	www.teknokem.fi	Slovakia:	www.szzv.sk
France:	www.febea.fr	Slovenia:	Not available
Germany:	www.ikw.org	Spain:	www.stanpa.com
Greece:	www.psvak.gr	Sweden:	www.ktf.se
Hungary:	www.kozmos.hu	Switzerland:	www.skw-cds.ch
Ireland:	www.icda.ie	The Netherlands:	www.ncv-cosmetica.nl
Italy:	www.unipro.org	United Kingdom:	www.ctpa.org.uk
Latvia:	www.lakifa.lv		

Supporting Members:

Russia:	www.apcohm.org / www.pcar.ru
Serbia:	www.kozmodet.rs
Turkey:	www.ktsd.org.tr

NORMAPME (European Office of Crafts, Trades and Small and Medium sized Enterprises for Standardisation):

<http://www.normapme.eu/en/page/45/corporate-social-responsibility>