

Sustainability means actions, not just words

Lipoid Kosmetik AG was founded in 1972 under the name Cosmetochem for the purpose of manufacturing botanical extracts for the cosmetics market. Early on, Cosmetochem successfully entered international markets and made itself a very good name with its products. Since 2007, Cosmetochem has belonged to the Lipoid Group, a pioneer in the area of high-quality phospholipids for the pharmaceutical, food, and cosmetics industries.

In 2013, the sales activities of the Lipoid Group in the cosmetics sector were combined with those of Cosmetochem and united under the umbrella of Lipoid Kosmetik AG, which is headquartered in Steinhausen, Switzerland. The goal of the merger was to be able to serve the cosmetics market more purposefully and with a broader portfolio.

The main pillars of CSR

Business success is not only based on economic performance, it is also very important to feel and take responsibility for the environment and society. Our sustainability policy is an integral part of our certified ISO 9001:2008 system, with all relevant parts such as setting and assessment of objects, documentation and internal auditing. We continuously improve and enhance our activities for environmental protection and social fairness and examine annually the achievement of our sustainability objectives.

We have defined three main areas: economic, environmental and social aspects. These areas are covered by the following pillars: fair business practice with an ethical and behavioural codex, economic performance and long-term view, social engagement, sustainable sourcing, employee involvement, stakeholder engagement, biodiversity strategy, water management, waste management, energy and emission management and last but not least product quality and safety.

The topics of environmental protection, social responsibility and sustainability were of the greatest significance from the very beginning. We see that this trend, which has been emerging for years, is now

accelerating due to the taking up of this topic by the large cosmetics companies. Lipoid Kosmetik, for example, is well positioned here, because many of our efforts have been in precisely this direction anyway. We have documented some of our efforts in our sustainability report and our commitment to sustainability and ethical behaviour is part of the corporate philosophy. The main point here is that a business should not just talk about them; these topics should be put into reality in all areas at all times.

Avoiding issues such as green washing

As a manufacturer of cosmetic raw material supplying to large and small cosmetic industries worldwide (B2B), green washing

is for us not a big issue: from an early stage the main focus of the business was on natural ingredients. Our documentation and independent evaluation by Ecovadis and the Gold rating, and last but not least, our direct customers are in the situation to be able to evaluate the difference between words and deeds. Many of our customers do a proper in-depth evaluation of our real efforts and have the knowledge and resources available to do. This is often not possible for the end product consumer.

We also try to avoid green washing with a restricted communication about our social engagement: Do not shout from the rooftops. Also here, deeds are more important than words.

To sum up and speaking for us: if you



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have natural and sustainable in the DNA and as a important part of the long-term strategy it is easier to speak about sustainability without becoming a suspect of green washing.

Our customers (end-product manufacturers), which are much closer to the end-consumer are indeed in the risk of having a difference between policies, nice sustainable reports and their real efforts. An irresponsible approach to marketing may damage legitimate efforts, but the abundance of certification bodies, new initiatives and labels does only help in creating awareness with the consumer but does not help on clarification of the real efforts. Therefore sustainability must be seen as a long-term commitment and must become a key element in brand management. There is only one way: deliver what you say you deliver or in other words; credibility.

And from a risk-based approach, green washing alone puts you at risk of playing with the highest asset you can get from your customer: trust.

Examples of sustainability in products

For a number of years now, we have had a line of products which come from community traded and fair traded sources from around the world, called Ethoverte Herbasol Extracts and a full organic line called Ecoverte. But on a product level for all the other products, we also have defined processes on CSR aspects for the whole supply chain.

Sustainability starts at the innovation level, where we have integrated aspects of biodiversity, procurement policy and understanding the relevant stakeholders along the supply chain. We focus on long-term partnerships, stable supply of high quality raw material and transparent sourcing and take into account environmental and social impact.

We have a clear policy on avoiding palm oil or derivatives, and only in exceptional cases will source RSPO palm oil. Since 2010 we compensate our CO₂ emissions according to Green House Protocol Scope 1 and 2 and also since 2010 we have a clear energy reduction plan which is done in collaboration with the Swiss Energy Agency for Industry. On a product level, we also try to develop self-preserving systems, where we can avoid preservatives.

Last but not least, as a group, we support approximately 50 non-profit institutions on a regular basis which has been documented since 1996. Even though we do not communicate aggressively about it, this is exactly what we mean with 'Facts and not just words'.



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Changing public perception of chemicals

For a long time, the public has perceived chemicals as 'bad' and natural as 'good'. With the greater awareness and better knowledge of the consumer, this has changed and it becomes clear that 'naturalness' is not enough. Furthermore, 'natural' has very different meanings across the world, ranging from 'being found in nature', to 'organic', to 'certified organic' up to sustainable.

For many years, 'natural' or 'organic' have been key words for this industry. But more and more companies have adopted CSR programs into their strategy. One of the drivers was of course the Rio Protocol and the request for CSR reporting for many companies. But the general trends are coming from the consumer: LOHAS, the life style of health and sustainability is becoming more and more important, care is more than avoiding harmful products, sustainable care is more than just a trend, it is part of a bigger movement towards sustainable consumption and respect for the environment, it is not about external beauty. It is about a holistic attitude towards life.

And this view will be adopted by a growing number of educated consumers. In the cosmetic industry there is a good chance that the market of real organic cosmetics is jumping out of the niche and sustainable beauty is becoming a major market. One of the biggest consumer companies in the cosmetic industry has

taken this up into a slogan: Together we make beauty sustainable and together we make sustainability beautiful.

CSR policies and customers

No doubt, CSR policies are gaining interest and importance and in some instances they are even compulsory, but we would still welcome an increasing demand from the industry and also the willingness to understand and pay for the increased documentation effort and of course also increased risk, e.g. in a case where you have to fix a certain source of raw material to a country or a region.

A true Corporate Social Responsibility policy can only be achieved from both sides: manufacturer and customer. It should be based on long-term collaboration, trust and respect and it has to be achieved on the whole supply chain from the first producer, to the manufacturer and finally to the end consumer. Lipoid Kosmetik is in a good position here, to help to increase CSR within the whole industry. However, we also observe in some cases that the company philosophy is becoming greener but the product quality does not develop side-by-side. Be it that ingredients are replaced by the 'scent' of the ingredient or dosage levels are decreased, leaving the consumer in the belief that he buys a product with a relevant amount of the promised product on the package. The consumer has the power to act more responsibly and therefore we would support the switch from corporate social responsibility to a true consumer responsibility.

Conclusion

A long-term commitment to sustainable, ethical and ecological behaviour is a small step the cosmetic industry can take towards an effective and successful social responsibility. The long tradition of using natural ingredients in the personal care industry set us in the position of substantiating the responsible and natural trend, which has been around for a long time. The multifaceted and holistic approach to CSR bears the chance to get better products, better for the individual but also better for society, nature and the next generation. The consumer demands to distinguish true commitment from green-washing initiatives but also has the responsibility to change their own behaviour: we are all fooling ourselves to a degree when it comes to personal consumerisms. The consumer-driven cosmetic industry is in danger of green-washing but is also in the position to slowly change the awareness of real sustainable initiatives in a larger consumer group. We have to do that with long-term commitment, authenticity and passion. **PC**