

Responsible BEAUTY



*A systems-
thinking
approach
to beauty.*

WWD Studios | **P&G
BEAUTY**

WWD STUDIOS IN PARTNERSHIP WITH P&G BEAUTY.

NAVIGATING UNPRECEDENTED TIMES:

Even in the midst of massive change and disruption, building a sustainable world that improves quality of life, respects human rights and protects the environment is possible.

P&G Responsible Beauty, a systems-thinking approach to decision making, provides a blueprint to navigate today's challenges and tomorrow's growth.



P&G RESPONSIBLE BEAUTY, DEFINED

TWO YEARS AGO, I SAW WHAT I BELIEVED was a critical challenge facing our industry. More consumers were seeking confidence that the products they used did no harm to them, their family, and their world. Our industry had responded with a dizzying array of innovative products and emerging brands focused on natural, organic, clean, and sustainable beauty. But many of these terms lacked clear definitions or agreed upon standards. Perhaps more importantly, many products elevated one benefit, such as sustainable or organic, while trading off others, such as safety or performance.

At P&G Beauty, we believe consumers shouldn't have to make these types of trade-offs. And so we set out to design a new standard to help ensure that positive benefits in one area wouldn't come with unintended consequences elsewhere. For example, consumers who want natural products should not have to compromise on performance or safety. They should not worry about allergic reactions or be surprised that some "clean beauty" ingredients may not be sustainable. And they should feel confident that the responsible sourcing of ingredients means resources are focused where there is greatest need and opportunity to have a positive environmental or social impact.

P&G Responsible Beauty demonstrates our commitment to be a positive force for beauty in the world. It is a systems-thinking approach to beauty that recognizes the interdependence of five essential principles — Quality & Performance, Safety, Sustainability, Transparency, and Equality & Inclusion. By doing so, it provides an opportunity to create products that offer superior performance while closing the "intention to action" gap for consumers who want their everyday actions to make a meaningful difference.

We recognize our scale means every decision we make can have a disproportionately big impact. To ensure every decision is a positive one, P&G Responsible Beauty is being fully integrated into our business to guide the development and operations of all P&G Beauty brands. And because we know we cannot succeed without the help of others, we've mobilized leaders across our organization to partner with the world's top experts in diverse fields from biodiversity to sourcing to packaging sustainability and more.

Building a sustainable world that improves quality of life, respects human rights and protects the environment is possible. The COVID-19 pandemic has made this challenge more urgent. It has also revealed our ability to accomplish transformational change faster than we ever imagined.

As we build back, we should not choose between science and nature. We can and should leverage the best of science while protecting nature. P&G Responsible Beauty offers an approach to show us how to bring the two together purposefully, not opportunistically, so we can help our communities, our industry, and our planet, not just build back, but build back better.



—Alex Keith, CEO, P&G Beauty,
June 8, 2020



THE AGE OF ANXIETY

EVEN BEFORE COVID-19, from Beijing to Boston, people were already living with high levels of eco-anxiety—very real fears about the current and future state of our world. According to a global study conducted by the European Investment Bank, 76 percent of Americans say that climate change impacts their lives every single day. In Europe, the number jumps to 82 percent. In China, 98 percent state they are affected daily.

Many consumers seek to alleviate this eco-anxiety with thoughtful shopping. Nielsen reports that 73 percent say they would change their consumption habits to reduce the impact on the environment. But a “lack of industry-standard definitions—what does it mean to be natural? What is clean beauty?—makes it difficult for even the most eco-savvy shopper to decipher labels,” according to Mary Ta of the World Wildlife Fund (WWF). “The reality is that everything has an impact. Even ‘good’ choices will come with trade-offs to the environment or communities. If the product minimizes the amount of plastic packaging, is the alternative paper and pulp material being used in its place contributing to deforestation practices?” asks Ta.

“As new approaches to sustainability have emerged over the past decades, they have often been followed by a slew of disturbing and damaging impacts that weren’t considered or foreseen,” says Nicola Noponen, global technical advisor at Roundtable on Sustainable Biomaterials (RSB). “In a nutshell: unintended consequences are the biggest challenges to creating truly sustainable practices.”

Natural ingredients are not necessarily safe or sustainable. Synthetic and nature-identical mate-

rials can be more sustainable than alternatives sourced from natural resources. Alternative “clean beauty” ingredients may not be safe or cause allergic reactions. “Consumers base purchase decisions on what is good for their bodies and what is good for the planet, but there isn’t a clear articulation of how and where these two intersect,” Ta says. Consumers crave innovation—a new bioplastic made from sugar-cane fibers—trusting that such progress comes with no trade-offs.

Add to the mix a media environment that prioritizes soundbite-ready, yet not-always-accurate claims over the complicated nuances of reality. “Our opportunity is to bring our deep understanding of science together with the best understanding of nature to create a virtuous outcome for people and the planet,” says Markus Strobel, President, P&G Skin & Personal Care. “The consumer wants the safest, most effective ingredients. They want to be confident that their products do no harm to themselves, their family, their community, and, even better, that their products have a net-positive impact.”

“Natural ingredients aren’t necessarily safe. Organic ingredients may not actually be more sustainable. Green doesn’t equal high quality and performance, and nature-identical ingredients can be more sustainable than materials of natural origin.”

—MARKUS STROBEL,
P&G SKIN & PERSONAL CARE



THE NEW SOCIAL CONTRACT

AS COUNTRIES AROUND THE WORLD rebuild, the “new normal” varies depending on where each community is on the COVID-19 timeline. “All stakeholders—consumers, employees, leadership teams, suppliers—are operating in a real-life illustration of Maslow’s hierarchy of needs,” says Samantha Morrissey of the Rainforest Alliance. In many ways, COVID-19’s version of the Lipstick Effect is the Hand Sanitizer Effect: consumers have become ‘citizen scientists,’ highly aware and appreciative of the ingredients and type of formulations needed to kill viruses. “We’re seeing patients and consumers being much more stringent with their choice in products. People are looking for a sense of security, and that extends to the products that they use on themselves,” says Dr. Thivi Maruthappu of the Skin Health Alliance (SHA), who notes that, according to a recent SHA study, medical experts are the new influencers, with doctors outranking celebrities for consumers looking for skincare advice.

“What we are starting to see emerge is a new

social contract addressing climate change, social infrastructure, a new formula for how businesses are fitting into the equation,” says Morrissey. The new social contract has the potential to allow us to do more than rebuild; “it can help ensure that we build back better,” says Morrissey. “There needs to be a focus on resiliency... building better resiliency into supply chains and business, health care systems, our own communities that we live and operate in.”

COVID-19 has brought into sharp focus the interdependency of human and planetary health. “Deforestation creates more human and wildlife interaction,” says Sheila Bonini, Senior Vice President, Private Sector Engagement at World Wildlife Fund (WWF). Add climate change’s rising temperatures to the mix, “and you create a superhighway for disease.” “We have to protect nature, so that it can protect us,” says Professor Monique Simmonds, PhD, Deputy Director of Science, Royal Botanic Gardens (RBG), Kew. “We have to ensure that we are looking after our habitats: we’ve seen how vulnerable we are when we change the habitats that we live in.”

A NEW VIEW:

SYSTEMS THINKING

SYSTEMS THEORY STUDIES THE dynamic, evolving interplay of all of the components within any given system, large or small, from the politics in a ballet troupe to the complexities of the global economy. Derived from disciplines including psychology, sociology, ecology, and biology, systems thinking looks out for patterns, context and relationships to predict and minimize unintended consequences and to help avoid “problem switching,” solving one issue but creating another down the road.

“Systems-thinking promotes the idea that to develop solutions that generate further solutions, we need to consider the world as interacting systems, rather than seeing things as a static snapshot or isolated issue,” says P&G Beauty’s Keith. “A systems thinking approach to beauty can address the interdependence of quality & performance, safety, sustainability, transparency as well as equality and inclusion. A choice in one area can have unintended consequences in another.”

RBG Kew’s Simmonds says taking a systems thinking approach is especially critical when sourcing natural ingredients. Stakeholders can identify and address costs and benefits not just along the production line, but throughout the entire usage life-cycle of the botanical. And because climate change, land-use change, disease, and trade can significantly alter the chemical composition of a plant, each botanical ingredient needs to be tested for efficacy and potency at every stage. “If there are significant environmental costs to a new ingredient source, what do you do to offset it?” asks Simmonds.

“Can by-products from cultivation be used to create value elsewhere? It’s essential to look at it in a circular economy way.”

“It’s critical to assess and understand the impacts of decisions that are being made,” says Morrissey. “It may be difficult to always understand the full picture, but it’s important to conduct the due diligence to aim to understand as much as possible.”

“The COVID-19 crisis has shown how globally interconnected we are. This interconnectedness and systems thinking go hand in hand,” says Markus Strobel, President, P&G Skin & Personal Care. “For beauty, this means going beyond environmental practices to address the interdependence of all aspects of product development and corporate behavior—all activities that affect the beauty consumer and the world in which we live.”

“To develop solutions that generate further solutions, we need to consider the world as interacting systems, rather than seeing things as a static snapshot or isolated issue.”

— ALEX KEITH, P&G BEAUTY

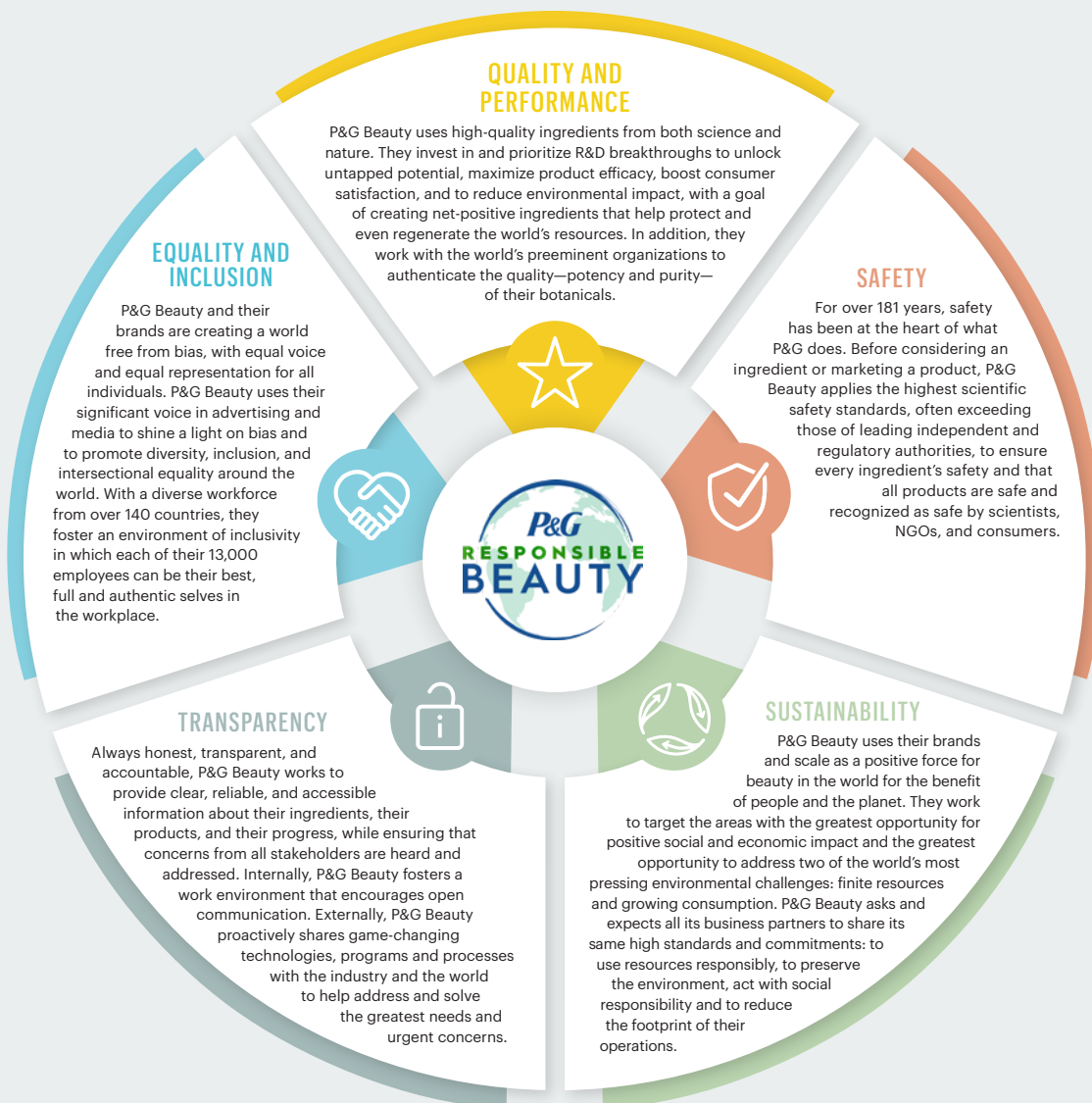


P&G RESPONSIBLE BEAUTY

DRIVING THEIR MISSION to be a positive force for beauty in the world, “P&G Responsible Beauty is designed to provide a blueprint for generations to come. It guarantees we grow responsibly, that we continue to serve consumer needs in a resource-constrained world. Responsible growth ensures resiliency and stability,” Keith says, noting that each of P&G Beauty’s 13,000-plus employees are empowered to make decisions based on the P&G Responsible

Beauty approach. “The goal is for all employees to have the knowledge and understanding of the interdependence of the five principles, allowing everyone to ask the right questions to make informed and intentional choices. P&G Responsible Beauty provides a lens through which all of P&G Beauty—from the people purchasing our ingredients to the managers running P&Ls—view their work, feel engaged, and can make a difference.”

FIVE INTERCONNECTED GUIDING PRINCIPLES



P&G RESPONSIBLE BEAUTY ADVISORY COUNCIL

SUCCESSFUL SYSTEMS THINKING REQUIRES synthesizing and sharing as much information as possible on all touch points within a system. “It’s impossible to expect any one person or team to have full comprehension of potential trade-offs, so partnerships are so valuable,” Morrissey says. To ensure that P&G Responsible Beauty is fully informed by external realities, P&G Beauty established the P&G Responsible Beauty Advisory Council (RBAC), five NGOs each selected for their expertise and experience: the Rainforest Alliance; the Roundtable on Sustainable Biomaterials; the World Wildlife Fund; the Royal Botanic Gardens, Kew; and the Skin Health Alliance. “Each member of the P&G Responsible Beauty Advisory Council plays an essential role in keeping us informed on the latest research, best practices, and new technologies in their areas of expertise,” says Strobel. “As we continue to evolve P&G Responsible Beauty, we will partner with other external experts relevant to the topic areas.”



RAINFOREST ALLIANCE
RAINFOREST-ALLIANCE.ORG

The Rainforest Alliance works at the intersection of business, agriculture and forests to make “responsible business” the new normal, protecting forests and improving the lives of farmers and forest communities.

“Rainforest Alliance is all about changing the way the world produces, sources and consumes, and we recognize strong partnerships are key to realizing this change. Through the P&G Responsible Beauty Advisory Council, P&G Beauty is leveraging the power of partnerships to brainstorm innovative solutions and explore opportunities in sustainability.”

—SAMANTHA MORRISSEY,
SECTOR LEAD, FOREST PRODUCTS



**ROUNDTABLE ON
SUSTAINABLE BIOMATERIALS**
RSB.ORG

The Roundtable on Sustainable Biomaterials guides the responsible development and production of biomass, biofuels, and biomaterials through sustainability solutions, certification, and collaborative partnerships.

“The Roundtable on Sustainable Biomaterials is proud to be a technical partner of P&G, providing advice and guidance related to the sourcing of materials. The P&G Responsible Beauty Advisory Council, a diverse partnership of organizations, brings together an invaluable knowledge base that will enable decisions to be made based on the whole spectrum of sustainability aspects.”

—NICOLA NOPONEN,
GLOBAL TECHNICAL ADVISOR



WORLD WILDLIFE FUND
WORLDWILDLIFE.ORG

For almost 60 years, the WWF has been protecting the future of nature. One of the world’s leading conservation organizations, WWF develops solutions to help communities and wildlife thrive.

“World Wildlife Fund has had a longstanding, wide-ranging partnership with P&G, valuing innovation, trust, and transparency. The P&G Responsible Beauty Advisory Council, brings together diverse thought leadership to build a responsible global supply chain. When the challenges to protect our planet are so complex, solutions are also inherently complex. The RBAC offers a proactive approach to knowledge seeking and knowledge sharing.”

—MARY TA, PROGRAM OFFICER,
SUSTAINABILITY R&D



ROYAL BOTANIC GARDENS, KEW
KEW.ORG

The global resource for plant and fungal research, the Royal Botanic Gardens, Kew uses their unparalleled expertise, botanical collections, and global partnerships to tackle the critical challenges facing humanity.

“The partnership with P&G has been scientifically very productive, bringing together the energy of scientists from different disciplines with a common aim of unlocking the chemistry of plants to provide effective beauty products—with added importance that these plants must be sustainability supplied and help support the lives of the communities that care for them.”

—MONIQUE SIMMONDS, PHD,
DEPUTY DIRECTOR OF SCIENCE



SKIN HEALTH ALLIANCE
SKINHEALTHALLIANCE.ORG

The Skin Health Alliance collaborates with dermatologists, researchers and skin scientists to provide independent, scientifically based verification of the safety of beauty products, clinics, treatments, and services.

“Consumers’ well-being and the environmental impact of the products they use lie at the very core of the Skin Health Alliance’s ethos. Our relationship with P&G Beauty stretches back over a decade, during which time P&G has consistently proven their rigorous health and environmental standards are aligned with our own.”

—DR. THIVI MARUTHAPPU,
SHA DERMATOLOGIST

P&G RESPONSIBLE BEAUTY IN ACTION

SECRET AND OLD SPICE:

PAPER POWER

To celebrate the 50th anniversary of Earth Day, Old Spice and Secret were the first leading brands to introduce all-paper, plastic-free deodorant packaging. The paper tube package, made of 90 percent recycled paper, certified by the Forest Stewardship Council, features a “push up” design that replaces canisters and provides a sustainable alternative to primarily plastic multi-material packaging. Converting just 10 percent of current deodorant packaging to recycled paper or another recyclable material could eliminate up to 1.5 million pounds of plastic waste annually.



HEAD & SHOULDERS: BEACH PLASTIC BREAKTHROUGH

Before 2017, plastic trash, covered in algae, sand, bacteria and other contaminants, could be removed from a beach, but could not be recycled. Partnering with TerraCycle and Suez, P&G Beauty scientists tackled this problem and developed a game-changing technology that allows for beach plastic in any condition to be recycled and reused. In 2017, Head & Shoulders released the first recyclable shampoo bottle made from beach plastic, and, later that year, was awarded the coveted United Nations Momentum for Change Lighthouse Award, which honors the most impactful projects addressing climate change. By 2020, Head & Shoulders has produced more than one million bottles made with recycled beach plastic in more than 15 countries, diverting more than 10 tons of plastic that could have otherwise ended up in the oceans. Most recently, P&G Beauty expanded this work to Herbal Essences in the U.S., introducing the brand’s first recyclable bottle made with beach plastic.

OLAY: A REFILLABLE FUTURE

The first mass skincare brand to offer refills, Olay launched recyclable refill pods for its best-selling Regenerist moisturizer in the U.S. and the U.K., selling the pods in containers made of 100 percent recycled paper, without any outer carton. A limited-edition pink version, released in October to support Breast Cancer Awareness Month, sold out in less than a month. If embraced by consumers, the pod program could reduce the use of more than a million pounds of plastic.

Olay is the first mass skincare brand to offer refills.



PANTENE JAPAN:

NO MORE HAIR BIAS

In just two years, Pantene Japan's #HairWeGo program produced a significant cultural shift away from the long-standing hair biases experienced by Japanese young women. #HairWeGo put the spotlight on compulsory "shūkatsu" or "job-hunting" hair: straight, black and pulled back into a very precise, side-parted, low ponytail. Pantene Japan collaborated with 139 of the country's top corporations to pledge support for current and future employees who choose to forgo shūkatsu hair in favor of their own personal style. Pantene Japan

also tackled hair-related discrimination in school. Students who have anything other than black, straight hair were required to submit a signed 'natural hair certificate' or to bring in baby pictures to prove that their hair is natural, not created with chemicals or a curling iron. Even after submitting proof, many students were still forced to dye and straighten their hair to conform. In the summer of 2019, a petition inspired by the Pantene Japan #HairWeGo campaign led the Tokyo Metropolitan Board of Education to change school policy permanently.



WATERL<SS: WATERFREE BEAUTY

Four billion people currently experience water scarcity for at least one month of each year, and, by 2025, the UN predicts that two-thirds of the world's population could be subject to water stress. In January 2020, P&G Beauty launched Waterl<ss in North America, a line of shampoos and conditioners that require zero water to use. The brand and technology was originally developed and launched in Cape Town, South Africa, during a water crisis when many women, unable to properly cleanse and condition their hair, were considering cutting it off. "Water is a precious commodity that is under great stress," says Keith, "through insightful and meaningful innovation, we believe that we can play a role in helping people achieve the end result they desire despite water shortages."

HERBAL ESSENCES: AUTHENTIC, AUTHENTICATED INGREDIENTS

Herbal Essences is the first global hair care brand to partner with the Royal Botanic Gardens, Kew, a world leading authority on plant science. RBG Kew scientists have rigorously evaluated the key botanical ingredients in the Herbal Essences bio:renew range to confirm their identity and quality. RBG Kew's unparalleled knowledge of plants and their powers, coupled with the diversity of its botanical collections, makes it the perfect partner for Herbal Essences to identify the next generation of natural ingredients that are safe, effective and sustainably sourced. Together, Herbal Essences and the Royal Botanic Gardens, Kew are helping people to experience the positive power of nature every day.

RBG Kew's Herbarium contains around seven million preserved vascular plant specimens, representing 95% of all plant genera. These specimens contain a wealth of information about plants that have been collected around the world over the past 170 years.

PANTENE: HAIR HAS NO GENDER

In Europe, Pantene's #HairHasNoGender campaign explores the **power of hair to express one's identity** through personal, powerful stories from transgender individuals and gender nonconforming advocates. It also shares the struggles this community faces, and how Pantene is taking action to help in a meaningful way: partnering with the DressCode Project — a global network of salons promoting gender-affirming safer spaces for all, as well as working with local LGBTQ associations to provide safe spaces, job training and job opportunities to the transgender community.



SECRET:

EQUAL PAY FOR ALL

Following the U.S. Women's National Team (USWNT) epic World Cup win in July 2019, the Secret brand announced that it would donate more than \$500,000 to the USWNT Players Association in an effort to close the gender pay gap in U.S. soccer — making Secret the **first official sponsor to publicly support the team's fight for equal pay**. "For brands, and especially a brand that is also a U.S. Soccer sponsor, to support our players both financially and publicly is hugely significant and important," said USWNT Players Association executive director Becca Roux in *The New York Times*. "Equity and pay equity are systemic issues that need systemic solutions. Corporations are powerful, influential players within the system that can spur massive change for good."

USWNT IMAGE: RICHARD ULREICH/CSM/SHUTTERSTOCK



OPEN SOURCE BEAUTY

To help inspire others, advance progress, and speed positive change, P&G Responsible Beauty will make breakthrough technologies, programs and processes open for all. "Solutions to big-picture problems require the power of collective action," says Keith.

Safe Use of Botanicals in Beauty Products

Beauty products incorporating botanical ingredients have been growing in popularity for many years. P&G has spent over a decade developing a robust safety approach to assess botanical ingredients and ensure their safe use. Research outcomes and optimised techniques have been shared regularly through publications and presentations with industry, academia and the wider beauty community. This white paper presents guidance for assessing the safe use of botanicals in beauty products, with historical case examples, practical tools and background knowledge. To access the 'Safe Use of Botanicals in Beauty Products' white paper, go to: us.pg.com/responsible-beauty/

ADAPTIVE DESIGN

P&G BEAUTY TEAMED UP with the cultural consultancy at sparks & honey to ensure that the P&G Responsible Beauty framework will stand up to the test of time. Using their proprietary cultural-intelligence platform QTM, sparks & honey quantified the mega and macro trends shaping the pillars of P&G Responsible Beauty in order to identify key cultural drivers of change impacting billions of people globally now and in the future. Sparks & honey confirmed that the five interconnected principles of P&G Responsible Beauty will successfully adapt to a rapidly changing world and evolve to meet all future needs.

Here, a few examples of forward-thinking Responsible Beauty subsets that, according to sparks and honey's methodology, will see significant growth in the cultural zeitgeist in the next five to ten years:



PRODUCTS = PROTECTION

► Consumers will rely more and more on beauty and wellness products as their body armor, protecting them from a widened set of environmental irritants caused by pollution, technology, and climate change.

SIGNALS IN BROADER CULTURE:

- Dyson patents headphones that double as an air purifier for your face: [READ STORY](#)
- The conceptual Vissla “rising seas wetsuit” warns the wearer of harmful bacteria, viruses, runoff, or pollution in the water: [READ STORY](#)

LAB-GROWN NATURALS = THE NEW NORMAL

► Consumers will embrace biotech-based solutions as the “best-of-both-worlds,” with ingredients and packaging derived from nature but created sustainably in a lab.

SIGNALS IN BROADER CULTURE:

- Startup Endless West has released a synthetic wine and a molecular saké made in a lab, requiring fewer natural resources and less carbon to manufacture: [READ STORY](#)
- Rise in adoption of lab-grown diamonds: [READ STORY](#)

REGENERATION = THE NEW SUSTAINABILITY

► As natural resources such as clean water become increasingly scarce, being “neutral” and sustainable is no longer enough—consumers want products that regenerate and heal the environment.

SIGNALS IN BROADER CULTURE:

- The newest Happy Baby Organics baby food line is made with ingredients grown using regenerative farming practices — such as soil that captures carbon from the atmosphere — to help mitigate climate change: [READ STORY](#)
- ReGen Villages is a fully self-sufficient “tech-integrated and regenerative residential real-estate development” being built in the Netherlands: [READ STORY](#)

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—ALEX KEITH,
CEO, P&G BEAUTY
