"Sharing Beauty With All": Sustainability According to L'Oréal Italia[*]

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Abstract

The article highlights the close connection between L'Oréal's economic success and the fulfilment of its role as a social and environmentally-friendly player.

Sustainability has become a strong and constant element in L'Oréal's identity since the launch of the "Sharing Beauty With All" (SBWA) project. This is a formalised "system" of choices, green policies and socially responsible initiatives resting on four pillars: innovation, production, living and sustainable development.

L'Oréal's approach to sustainability also involves educating employees, collaborators and consumers in order to disseminate a new way of thinking of products and their consumption: the company aims to increase its cultural footprint, while it endeavours to reduce its environmental one.

Keywords: Stakeholders; Sustainability; Cosmetics Industry; L'Oréal; Sustainable Innovation; Civic Commitment; Global Markets

1. The "Sharing Beauty With All" Project

> □ *"L'Oréal shows that economic performance and environmental, social and societal performance go hand in hand and are mutually reinforcing" (Jean-Paul Agon – Chairman and CEO, L'Oréal).*

"Beauty is in the eye of the beholder" the proverb goes, but it has "value" only if it is shared. This is the firm belief of L'Oréal – the leader in the cosmetics sector with 40 production facilities around the globe, a widespread presence in 150 countries with over 86 thousand collaborators for turnover of more than 26 billion euro – which has made shared beauty its business philosophy.

A philosophy which has gradually translated into initiatives and forms of conduct and which, in 2013, was fully implemented with the launch of the "Sharing Beauty With All" (SBWA) project, a "system" of choices, projects, green policies and social responsibility which has formalised the existing activities – such as the company's volunteering day, "Citizen Day", which in 2019 celebrated its tenth edition – and, at the same time, established a particular aspect of L'Oréal's identity.

"Sharing Beauty With All" rests on four founding pillars – innovation, production, living and sustainable development – and positions the company's activities in regard to 14 (out of the 17) Sustainable Development Goals (SDGs) established in 2015 by the United Nations. This, after only 6 years of activity, has

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led to important recognition, such as the attribution of a Triple A ranking (for the third year running the only company in the world) by the international non-profit organisation CDP, Carbon Disclosure Project, to acknowledge its reduction of the impact on climate change, water resources, forests and its nomination, for the tenth time, in the "World's Most Ethical Company 2019" list drawn up by the Ethisphere Institute, an international leader in corporate ethical standards.

2. An Ambitious Program

□ *"Managing to communicate sustainable conduct effectively to consumers is not easy, but is crucial for the effectiveness of a sustainability program. SBWA wants to take on this challenge, starting from an understanding of what type of information consumers are interested in and how they want to obtain it, for example online or through other channels, and with what language it is appropriate to inform consumers of the concepts linked to sustainability" (Alexandra Palt – Chief Corporate Responsibility Officer, L'Oréal).*

Two billion consumers by the end of 2020. This is the target stated by the company in terms of "profitability and market share". A result which L'Oréal wishes to achieve by forging "a pact" with its customers so that a path of reciprocal dialogue and influence is created to lead both the company and people to make increasingly ethical and responsible choices. In parallel, these choices must generate economic value by identifying reciprocal needs and goals.

Dialogue, understanding of consumers' needs, the ability to take advantage of current trends (such as customers' growing attention to environmental and social issues) and to anticipate what will happen in the future. This underlying approach has already led to specific choices and the launch of new "sustainability programs" such as the renewal, from an environmental or social viewpoint, of the whole product range by the end of 2020 with the goal of reducing the environmental impact of its business, or the choice to reduce direct and indirect emissions of CO_2 by 25% in absolute terms by 2030 compared to 2016.

Targeted analyses and corrections are measured by the Sustainable Product Optimization Tool (SPOT), which is the result of over a year's work by a dedicated inhouse team, supported by 12 acknowledged external experts: among them are scientists, representatives of NGOs and experts in sustainable consumption and social impact. SPOT uses 14 sustainability criteria applied over the product's whole life cycle, from production to the recycling of packaging up to its use by the consumer.

□ *"We believe in the beauty of the environment and biodiversity; supporting the community is beauty".*
"2018 was an exceptional year for sustainability at L'Oréal with the implementation of numerous successful initiatives in countries worldwide. These efforts are continuing in order to

> *meet the 2020 Goals. We intend to open new horizons in combatting climate change in our value chain, to address both our direct and indirect impacts"* (Alexandra Palt – Chief Corporate Responsibility Officer, L'Oréal).

The search for shared beauty embraces environmental and social issues by impacting on the company's conduct and projects over their lifetime. If we look more closely at the projects and results, what emerges from the analysis is very interesting.

At global level, in terms of sustainable innovation, 79% of products that were new or renewed in 2018 introduced some environmental or social benefit. The company worked on reducing the environmental footprint of its products by taking action on packaging, reducing the consumption of water, using recyclable/renewable materials and so-called "green chemicals", in other words a series of ingredients that reduce or eliminate the employment or the generation of dangerous substances in the design, production and application of chemical products. Sustainable production policies, again during 2018, led – compared to 2005 and again at global level – to a 77% reduction in CO_2 emissions and a 48% reduction in water consumption in production facilities and in distribution centres. In addition, 2018 saw the elimination of disposal in landfills of waste from plants and distribution centres.

In this scenario, the production facility at Settimo Torinese plays an absolutely essential role.

2.1 Passion and Innovation: The Settimo Torinese Plant

L'Oréal's plant at Settimo Torinese, with its 370 employees and 100 thousand square metres of surface area dedicated to the manufacture of products for make-up and hair care, is an example of excellence in L'Oréal's approach to sustainability. Drawing on the pioneering spirit which has always driven the company, in 2010 a program was started which made Settimo Torinese one of the Group's greenest facilities.

The first turning-point was to include inside the plant a manufacturer of shampoo bottles, in order to reduce the CO2 emissions produced by almost 1,000 lorries each year which were engaged in transporting the product for packaging. This first result was followed by other technical improvements which led the plant, as early as 2015, to see all its waste recycled (in other words the elimination of the transfer of waste to landfills) – and the complete abatement of CO_2 emissions. To meet the electrical and thermal energy requirement of the plant and administrative offices, a district heating network is used located in the Municipality of Settimo Torinese, a system of 14,000 photovoltaic panels (the equivalent of 7 football pitches) and a biomass plant, which uses agricultural organic and biological residues produced within 40 km of the plant.

Thanks to the elimination of leaks and the adoption of a system called "evapoconcentrator" which purifies the water used for washing plants, since 2018 the facility at Settimo Torinese has become a Dry Factory: all the industrial water

used in manufacturing processes comes from water recycled inside the plant itself and is reused in a closed circle.

This transformation has occurred in two stages. The first regarded the reduction of water consumption by optimising machinery and manufacturing processes, such as for example the cleaning of tanks and the lubrication of turbines. The second considered the recycling and reuse of water thanks to two processes: ultra-filtering through membranes, which reduces impurities by 85 to 90%, and reverse osmosis, a biological treatment by which water is completely purified and, after being tested, is reused in the manufacturing process.

This important innovation not only enabled the saving of 38,000,000 litres of water, but also used some of the purified water for the district heating network in Settimo Torinese, helping to meet 20% of the annual requirement for top-up water for the network.

2.2 Other Significant Initiatives

Alongside the purely environmental issues, the company has worked to increase the awareness of its own customers, and of consumers in general, regarding sustainability. Over half the brands owned by L'Oréal have introduced specific initiatives to listen to and involve consumers. And from this, they have implemented projects to support social and environmental causes at global level.

Connected to the social issues, there is also space for activities to support the community. Thanks to L'Oréal over 63 thousand people in a state of hardship have had access to the job market and over 5 thousand young people from strongly disadvantaged situations have had the chance to attend professional training courses in the beauty sector thanks to the "Beauty For a Better Life" program supported by the L'Oréal Foundation.

L'Oréal's Italian operation is certainly among the key players in the sustainability program introduced by the "Sharing Beauty With All" project. Besides the excellence represented in manufacturing and environmental terms by the Settimo Torinese plant, a significant number of projects and initiatives have been introduced, or are being introduced, to contribute to the ambitious goals set at Group level.

From a "manufacturing" point of view, besides the aforementioned Settimo, we may note in particular the work on the logistical centre in Villanterio (LO), which underwent a significant upgrade in terms of energy efficiency through the use of LED lighting, the use of geothermal wells to maintain water temperature, the use of solenoid valves to reduce water consumption and in terms of environmental impact, both by introducing inhouse technologies which have eliminated the "ferrying" of products – for example for some packaging – and by reducing the use of plastic film. A series of interventions which, among other things, has led to obtaining LEED certification.

Nonetheless, logistics is only one part of a broader issue which is that of mobility. A wider project is underway, partnering with Legambiente, and called "Green Move". The project sets different objectives which are, in their turn, broken down into a series of actions. Some examples are the reduced impact in terms of CO_2 connected to "transport" by 25% by 2025, the renewal of the vehicle fleet with 50%

of green vehicles by the end of 2019 (100% in 2024) and the use of a system for short-distance deliveries with electric vehicles and bicycles.

3. With and for the Community

The "social pillar" and the projects it has implemented on this front are no less important for L'Oréal Italia. For example, the "L'Oréal Italia Prize for Women and Science" has now reached its seventeenth edition and is promoted with the Italian National Commission for UNESCO. Each year the Prize supports the scientific career of 6 deserving Italian female researchers aged under 35 in the STEM field who L'Oréal rewards with grants worth 20,000 Euro. The prize is part of the international project "L'Oréal – UNESCO For Women in Science" aimed at promoting careers for female scientists. From 1998 to the present day, internationally the program has supported over 3,100 women, rewarding over 100 female graduates and assigning around 3,000 grants to female doctoral students and post-doc researchers in 117 countries.

In addition, since 2014 L'Oréal Italia has supported the San Patrignano Community with specific professional training projects aimed at young people in the Community, supporting their rehabilitation, for example through the "Make Up Tutorials", series of lessons for personal valorisation and the recovery of self-respect, given by L'Oréal trainers and aimed at young women in the Community. In addition, in 2015 "Sanpa Hair" was opened, a hairdressing salon designed as a space where to take care of your look, but also a workshop for those wanting to learn the hairdresser's craft. Since 2017 L'Oréal has promoted within the San Patrignano Community a vocational hairdressing course aimed at guests of the Community.

In addition, for a number of years projects have been in place to recruit disabled people in cooperation with some associations in the sector. In the Settimo Torinese plant as from 2017, L'Oréal has realised the "Social Wall2Wall" project, in partnership with Valemour, a social brand dedicated to people with intellectual disabilities. The project is structured in two parts. The first is a hub dedicated to training and aimed at young people on school-work programs or who have left school. The second is a manufacturing line which handles the processing of orders.

Finally, in order to also bring beauty to those facing a complicated moment in their life, L'Oréal has for many years been a partner and collaborated with "La Forza e il Sorriso", which organises make-up workshops for women being treated for oncological pathologies. The project has the patronage of Cosmetica Italia and is held in 57 centres throughout Italy.

In addition to these projects, there are also initiatives promoted by the individual L'Oréal Divisions and by the brands.

3.1 Ten Years of Civic Commitment: L'Oréal Citizen Day

"Citizen Day" is the company volunteering day and in 2019 reached its tenth edition. An international project in which all L'Oréal offices are involved: over around ten days – this year in mid-June – the whole world of the cosmetics giant is

called, of course on a voluntary basis, to exchange one work day for a day working with an association that operates locally on social and environmental issues.

Those taking part can help clean natural sites, create well-being workshops for people in vulnerable situations, repaint centres which welcome the elderly or people in hardship. In 2018, with around 30,000 employees taking part, L'Oréal Citizen Day made it possible to help 855 associations in 63 countries worldwide.

Last year in Italy around 245 employees took part and 10 associations were involved, many of which are long-term collaborators with L'Oréal Italia. In 2019, the commitment has been even greater: the number of associations included in the project has risen to 14, with more variety in the areas where action will be taken. In addition, new communication initiatives have been promoted directly involving both partner associations and "in-house testimonials" (i.e. employees who have already taken part in previous editions), in order to further increase participation, as well as creating, as is now a tradition, campaigns to promote the day by realising photo shoots with employees and managers and customising areas of the company with messages inviting people to take part.

The initiative took place on 18 June and involved the L'Oréal HQ in Milan, the offices in Turin and the Settimo Torinese plant. The company focused on four social themes – disability, intergenerational solidarity, environment, fighting exclusion – through a variety of activities: beauty workshops, the modernisation of meeting areas, recreational activities, care of the environment, canteen service.

Finally, L'Oréal's HQ in Milan host three of the partner associations to give around thirty women a day on which they can take care of themselves and enjoy skin, hair and make-up treatments from the most expert L'Oréal trainers.

4. Business and Sustainability: Essential Connection

The "journey" in L'Oréal's sustainability projects, which are encapsulated in the "Sharing Beauty With All" commitment, is the touchstone for how the business model is changing at global level.

Consumers' growing focus on environmental issues, the increasingly clear effects of ongoing climate change, a kind of "taking on of responsibility" for the social role of companies – sometimes directly in support of the duties carried out by public actors – is leading companies such as L'Oréal to see themselves in a different light. A light which sees as essential the link between economic, environmental and social sustainability to which is increasingly added cultural sustainability.

L'Oréal's approach is not only that relating to its actions, but also what it "leaves for the future" in terms of the conduct it adopts and the conduct towards which it "educates" its employees, collaborators and consumers. While the company is reducing its environmental footprint, it is – knowingly – increasing its cultural footprint, facilitating the dissemination of a way of thinking of products and their consumption which, while, on the one hand, is the way taken by the market, on the other, is becoming a strong and constant element in the company's identity.

What is emerging is the close, essential connection between business success in economic terms and success in fulfilling its role as a social, environmental and economic player. This is shown by the growth in production (+33% compared to

2005) and the parallel reduction in the environmental impact in the same period (-77% CO_2 emissions): a final blow to what was termed "green washing". A form of make-up, to put it in cosmetic terminology, whose time – increasingly – is up.

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