

What to Know as We Enter the Age of Restoration



As environmental and social governance continues to establish itself as a priority for companies, the need for proactivity instead of reactivity has never been more real. The alarming effects of climate change on the environment as well as the economic cost that comes with it are finally pushing humanity and industries to act. Beyond reaching sustainable means of doing business, one of the greatest challenges posed today is finding ways to take restorative actions and maintain economic growth without compromising the health and safety of populations.

With companies putting ESG at the heart of their strategies, pivoting corporate strategies to do business responsibly requires a holistic, integrated approach. As part of BEAUTYSTREAMS' Trend Funnel Methodology, forecasting global, societal movements gives a broader view of upcoming consumer trends and their implications on the beauty industry. BEAUTYSTREAMS' Future Collective, composed of leading experts in biotechnology, art, design, technology, beauty, sustainability, and medical science, has defined the AGE OF RESTORATION as one of the next four years' Macro Movements, or societal movements set to affect all industries.

The AGE OF RESTORATION movement is the concept that a responsible balance between people, planet, and profit is required to set realistic goals. Established in the mid-1990's as a business model that places value on social and environmental responsibility as well as a company's bottom line, the three P's – or the triple bottom line – have recently been re-evaluated

by the United Nations as part of their 2030 Agenda for Sustainable Development. Now inclusive of five P's – People, Planet, Prosperity, Peace, and Partnership – the pillars reflect areas of critical importance for humanity and the planet. As it pertains to the beauty industry, the AGE OF RESTORATION will incite consumers to be increasingly mindful of where and how they buy, and will require beauty companies to answer to key expectations, notably circularity, transparency, traceability, energy use, community, and collaboration.

"Business as usual is no longer an option today. The acceleration of worldwide climate emergencies in the last several years is pushing industries, nations, and individuals to act now. Both developing nations and developed regions understand that ecological actions are not abstract and ideological concepts, but a necessity, thus companies are expected to follow suit," explains Michael Nolte, SVP Creative Director of BEAUTYSTREAMS.

In recent industry news demonstrating the breadth of this movement, L'Oréal announced the launch of its Climate Emergency Fund, to proactively support low-income and minority communities by developing resiliency in the face of climate disasters through preparedness and environment repair programs. As one of the first of its kind by a consumer products company, the fund promises to support communities in the most exposed areas by enabling expert partner organizations to help them prepare for and recover from climate disasters. Meanwhile, LVMH announced this summer that three of their

prestige fragrance Maisons, Parfums Christian Dior, Givenchy Parfums and Kenzo Parfums, have launched a strategic collaboration with Cristal Union, with the objective to improve the agricultural practices in the beetroot sector, from which the alcohol in its perfumes is sourced. Based on the Regeneration Index, a tool developed by French NGO Pour Une Agriculture Du Vivant, the project allows to assess the agro-ecological score of beetroot farms and to support farmers on their path to progress.

As part of the AGE OF RESTORATION movement and relying on the five P framework to define market opportunities within the industry, BEAUTYSTREAMS has identified six pillars for companies to lean on when establishing restorative and proactive ESG goals: A Nature-Positive Approach; Bio-Based Solutions; Circular Economy Solutions; The Clean Energy Revolution; Transparency and Traceability; and Community and Collaboration.

A NATURE-POSITIVE APPROACH

Exposing weaknesses and highlighting a lack of resiliency, the pandemic and the Russian-Ukrainian war have, amongst other things, wrought havoc on global economies, with the offshoots being a cost-of-living crisis, food insecurity, and ongoing supply chain shortages. Accelerated transformation at scale is needed in every area of the industry to secure a sustainable future that prioritizes the well-being of people and the planet.



biodiversity, afforestation, water stewardship, regenerative agriculture, and more. With the World Economic Forum estimating that a nature-positive economy can unlock US \$10 trillion of business opportunities, a myriad of companies across industries have already found their nature-positive approaches.

While many companies are now fast-tracking baseline net-zero goals, there is an urgent need for more ambitious targets that not only minimize environmental damage but also enhance ecosystems. A “nature-positive” long-term approach is critical to ensure sustainable goals of health and well-being, and economic stability for future generations. This approach includes engineered and natural-based solutions such as conservation and regeneration of

CIRCULAR ECONOMY SOLUTIONS

Deemed a critical component to achieving climate neutrality and the UN's Sustainable Development Goals, circular business models provide the blueprint for disrupting consumption and production patterns in every industry. A recent survey of senior executives conducted by Bain & Company in partnership with the World Economic Forum found that supply chain executives are planning to double the share of revenue from circular products and services by 2030 and that more than half of the executives surveyed view circularity as a prerequisite for being best in class in the future. The practices of repair, reuse, recycle, rent, as well as business models that replace products with services are becoming more widely adopted, yet closed-loop, circular production systems still remain an opportunity.

These solution-based approaches will aid in the continual transition to a circular economy based on regeneration, resilience and recirculation, and will also continue to provide many new business opportunities, including the ongoing forays into sustainable packaging.

TRANSPARENCY & TRACEABILITY

As conscious consumers prioritize truth and information when buying products, values such as authenticity, integrity, and transparency have become crucial in the beauty industry, prompting better brand accountability. Today's consumers, especially those among younger generations, are well-versed in differentiating between greenwashing and authentic impact. In fact, greenwashing has become an area of growing concern as we enter the next critical stage in the climate emergency. According to a recent



British poll conducted by global market agency YouGov, two thirds of British consumers are mistrustful of sustainability-related business claims. It is becoming imperative for businesses to adopt more transparent practices that also have additional benefits of promoting circularity, providing more oversight of supply chains, including Scope 3 emissions (assets not controlled by the organization), and fostering more engagement with customers. However, clear communication and standardized metrics remain a barrier. In response to transparency demands, a clutch of new third-party platforms and apps are emerging, with the aim of educating consumers about how to navigate beauty industry claims. These apps and platforms are striving to make consumers' purchase decisions easier by providing transparent and reliable information regarding the definition and function of beauty products' ingredients.

The platforms, which can be searched by both scanning products' barcodes or searching a product or ingredient, can also demonstrate how product claims are backed by both experts and independent verifications, and often highlight brands and products with a proven positive impact on people and the planet.

BIO-BASED SOLUTIONS BUILD MOMENTUM

As bio-based solutions rapidly develop in many industries, this category continues to reveal endless possibilities for innovation and remains one of the keys to a sustainable future. Material innovation is an important growth category in the bio revolution, from new uses of fermentation processes to novel materials that are biodegradable, or have unique qualities or capabilities. Solvay, a leading supplier of cosmetics ingredients, estimates that by the end

of 2030, synthetic biology will account for more than a third of global output in manufacturing industries. Biotechnology is expected to have an estimated economic impact of more than US \$2 trillion annually by 2040. The company recently unveiled Mirasoft® SL L60 and Mirasoft® SL A60 – two new high-performance biosurfactants. Based on rapeseed oil and sugar, these 100% bio-based surfactants manufactured through a fermentation process can be used for a wide range of sustainable beauty care products. Meanwhile, in the textile and leather goods industry, the fight for the best alternative to leather is giving way to mycelium made from fungi, which has emerged as a leading contender in textiles, with several companies, including biotech firm MycoWorks leading the way. Its most recent collaboration with Hermès led to the creation of Sylvania, a mycelium-derived hybrid material used for travel bags.

THE CLEAN ENERGY REVOLUTION

Renewable or clean energy is rapidly replacing energy derived from fossil fuels as innovation drives down costs and makes it more accessible, creating new business opportunities – although not all renewable options are created equal, with some not benefiting the environment. The growth of renewables is happening at both large and small scales globally, from offshore wind farms to solar panels on homes, and in urban to rural communities. Last year, the US passed the Inflation Reduction

Act (IRA), a landmark climate bill that purportedly puts the US on the path to cutting global warming 40% by 2030. This legislation represents an aggressive investment in the transition to clean energy, with commitments to creating jobs, lowering costs, and includes a US \$60 billion commitment to frontline communities hit hardest by fossil fuel pollution in an effort to rebalance the scales of years of environmental injustice.



COMMUNITY & COLLABORATION

As consumers expect environmental and social responsibility from the brands they support, companies are coming under pressure to provide greater transparency of their supply chains, and to source sustainable and ethical ingredients. Responsible sourcing is becoming paramount in the beauty industry. As the global ethical beauty industry is set to reach US \$54.5 billion in 2027, according to research from Future Market Insights, more brands are guaranteeing that their sourcing is sustainable, ethical, and socially aware. With ESG and CSR principles taking center stage, brands are committing to work with only those suppliers that adhere to social and environmental compliances and responsible sourcing processes. In the aim of guaranteeing better transparency, brands are opting for suppliers who can provide traceability and the monitoring of their ingredients' sourcing.



About BEAUTYSTREAMS

BEAUTYSTREAMS is the global beauty industry reference and an indispensable resource for beauty industry professionals. Catering to industry insiders across the full beauty supply chain, BEAUTYSTREAMS provides future insights, product forecasts, consumer analyses, and market intelligence on a global level as well as on a local scale across six continents.



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