

SPICE YEAR 2 COMMITTEE 3 MEETING MINUTES

08.04.2020



Minutes written by: Quantis

Remote participants:

- Aude Charbonneaux, Albéa
- Gilles Swyngedauw, Albéa
- Michele Del Grosso, Aptar
- Christophe Marie, Aptar
- Raqy Delos Reyes, Avon
- Luiz Campos, Avon
- Robin Hervé, Axilone
- Hélène Villecroze, Chanel
- Nicolas Mathieu, Chanel
- Jordan Rey, Clarins
- Aurore Fandard, Coty
- Andrea Spinosa, Coty
- Robert DiPalma, Estée Lauder
- Michael Christel, Estée Lauder
- Thomas Eidloth, Heinz-Glaz
- Elisa Trebes, Heinz-Glaz
- David Petit, Hermès Parfums
- Pierre Dehé, Groupe Pochet
- Nicolas Piffault, Groupe Pochet
- Chloé Pignerol, Groupe Pochet
- David Bayard, L'Occitane en Provence
- Philippe Bonningue, L'Oréal
- Alexandre Capelli, LVMH
- Regine Frétard, LVMH
- Kristin Dasaro, Mary Kay

- Keith Learn, Mary Kay
- Tobias Koetter, Schwan Cosmetics
- Kenji Ohashi, Shiseido
- Romain Reyx, Shiseido
- Cedric Laplace, Sisley
- Samantha Sauvestre, Sisley
- Emmanuelle Schloesing, Elipso
- Fabrice Rivet, FEVE
- Fabrizio Di Gregorio, RecyClass
- Antonio Furfari, RecyClass
- Paolo Glerean, RecyClass
- Anne-Florence Lecolier, Quantis
- Anne-Sophie Verquère, Quantis
- Auriane Bodivit, Quantis
- Camille Rosay, Quantis
- Dimitri Caudrelier, Quantis
- François Witte, Quantis
- Maria Zafeiridou, Quantis
- Anne Deserable, Quantis
- Caroline Ruiz Palmer, MWE

SPICE Members apologized for absence:

- CITEO
- Cosmetic Valley
- FEBEA
- PCPC

Description: The Members of the SPICE initiative - the Sustainable Packaging Initiative for CosmEtics - gather for the 3rd committee of the second year of the initiative.

Opening of the meeting

Introduction

Camille Rosay (Quantis) explains that this Committee had to be organized fully online because of the exceptional circumstances due to the Covid-19, and presents the meeting's rules to ensure efficient discussions.

Dimitri Caudrelier (Quantis) welcomes all participants and introduces the Quantis SPICE team.

Meeting agenda

Dimitri Caudrelier (Quantis) presents the meeting's agenda:

0. Antitrust Statement
1. Introductions: SPICE Members and their representatives
2. SPICE Environmental Claims Guidance update
3. SPICE Methodology: Recyclability
4. SPICE Tool
5. SPICE Database update
6. Communication: Summary Document, Webinar, CEAC 2020
7. Project budget update
8. Timeline and next steps

0. Antitrust statement

Caroline Ruiz Palmer (MWE) introduces the antitrust statement that was signed by all participants:

While some initiatives among companies may be both legal and beneficial to their industry, group initiatives between competitors are often suspected to be anticompetitive and therefore illegal by National Competition Authorities.

In this respect, being a member of such an initiative, as being part of any formal or informal meetings, where other competitors are present, may involve risks, especially regarding the type of information likely to be shared around the table.

As a general rule, participants shall not exchange any sensitive information in relation to their business or company nor reach any understanding, expressed or implied, with the object or effect of restricting competition. Participants may only discuss the issues at hand in the agenda of the meeting. Therefore, it is the responsibility of each participant to avoid raising improper topics for discussion.

Participants to the meeting must not discuss topics such as:

- Prices, including any subject relating to prices or its components such as discounts, rebates, surcharges, price changes, price differentiation, profit margins, price increases, credit, or any other sales condition;
- Costs, including any component relating to costs such as production or distribution expenses, formulas for cost accounting, methods for cost calculation;
- Information relating to sales and company's production, especially production volumes, sales profits, operating capabilities, level of stocks or supplies;
- On-going non-public litigations;
- Any of a company's upcoming and confidential projects, including those relating to sales and to marketing strategy, along with production and technology, wage policy, R&D programs;
- Information relating to the relationship with customers/suppliers (including terms and conditions).

This applies not only to discussions in formal meetings but also to informal discussions before, during and after meetings.

Participants shall observe the below procedure for each meeting:

- The agenda of the meeting, including the name and position of each participant, must be submitted to legal review prior to the meeting.
- The meeting shall be conducted on the basis of the agreed agenda only.
- The antitrust statement may be read by each participant at the beginning of each meeting.
- If the discussions turn to improper subjects during a meeting, the concerned participants will be required to put an end to the discussion and to leave the meeting immediately.
- A comprehensive summary of all meetings shall be taken and shall be submitted to legal review prior to circulation.
- The summary shall be circulated to all members as soon as possible after the meeting.
- Any comment or request for amendment shall be notified as soon as possible following receipt of the summary.

She specifies that her role is to ensure that participants will not exchange commercial sensitive information as regards competition rules, and that SPICE is not used as a cover for an anticompetitive agreement. It is the responsibility of each participant to avoid raising any improper subjects during the meeting. She develops the list of topics that are considered commercially sensitive from a competition law perspective (prices, costs, customer, general strategy, etc.).

1. Introductions: SPICE Members and their representatives

Camille Rosay (Quantis) welcomes all participants and introduces RecyClass, which is joining the SPICE initiative as a new Associated Member.

Paolo Glerean (RecyClass) introduces himself and presents RecyClass, which is also represented by Fabrizio Di Gregorio who will be RecyClass direct contact for all the subjects related to the SPICE initiative and Antonio Furfari, Plastic Recyclers Europe Managing Director.

Attendants are invited to present themselves.

2. SPICE Environmental Claims Guidance update

Anne-Sophie Verquère (Quantis) explains the update on the SPICE Claims Guidelines including the incorporation of the feedbacks received from everyone. It's a fairly long document however the design has helped to restructure the content of the document. Each topic is structured the same way (1 page of content, 1 page of examples, etc.).

The document was just sent to all Members and comments are welcomed within the next month so that Quantis can consolidate them. Members have four weeks to read it and provide feedback, so that it can be published on the SPICE website in June.

No question from participants.

3. SPICE Methodology: Recyclability

Auriane Bodivit (Quantis) presents the objectives, feedback from the last intermediary meeting (remarks and key topics) and the next steps of the recyclability methodology development.

Objective of the Recyclability Methodology: align on existing methodologies and identify potential gaps in order to refine the SPICE initiative position.

The updated Excel sheet will be sent to Members for review, so that they can send additional feedback and further precision. More specifically, Auriane Bodivit (Quantis) proposes Members to provide more inputs to refine the recyclability approach on topics including tubes, other cosmetic-specific packaging, and cardboard boxes.

Paolo Glerean (RecyClass): Have you considered the possibility of applying some specific Design for Recycling guidelines to tubes and to other items? If we can standardize all the tubes according to Design-for-Recycling guidelines, then it will be the first step to create a real recycling stream for them. This is what is doing on the RecyClass platform, which is also testing the recyclability with some scientific-based methodologies.

Auriane Bodivit (Quantis): The approach that we have taken is a step by step approach. First, the objective was to define a SPICE position on what can be considered as recyclable. This is why we decided to separate the topic in several segments: in practice and at scale, separability, disruptors. The main objective of the work done this year on the tool was to come up with a methodology allowing us to consider recyclability in the first version of the SPICE Tool. We agree that this approach will need to be refined and furthered in the next steps of the initiative. Having a common approach about eco-design practices starts by first agreeing on the definitions and hypotheses. Through this approach, the idea is also to focus on how to push and implement eco-design practices. Working towards a harmonization of eco-design practices could be an objective for the next steps of the initiative.

Kristin Dasaro (Mary Kay): Can you precise the position for tubes made of blends of PE (LD+HD or LLD+HD for instance) - Are they recyclable?

Auriane Bodivit (Quantis): We consider for now by default that everything is not recyclable (tube). For now, we haven't gotten in that level of detail but if you have any element that could leave us to take another decision, please share them so we can discuss on this topic

Giles Swyngedauw (Albea): To add on to what was just said, we have done some recyclability tests about tubes in the US with APR and we are able to show that some tubes are able to be recycled into other HDPE rigid streams (PCR). Not all of the blends pass the tests, but there will be more tests done with RecyClass in the future at the European level too. As soon as they are collected, they can be recycled into HDPE bottles. In the US, this is a big issue as collecting and sorting plants do not allow for HDPE tubes to be recyclable in the HDPE streams. Yet, there are some tests showing that when recycled, there are accepted in HDPE bottle streams, and also in Europe.

Auriane Bodivit (Quantis): Maybe we need to add some conditions or specificities (not all of them will be considered as recyclable) when considering the recyclability of tubes, and more specifically HDPE ones.

Fabrizio Di Gregorio (RecyClass): recently a HDPE tube has been tested and approved by RecyClass and we are receiving lots of demands to do tests on tubes in Europe. The Recyclability Protocol for HDPE container already exists (and is not under drafting). Recyclability Protocols assess the package technology in order to see how the package is compatible with recycling (a Sorting Protocol is under development to assess where the package will end). The results of the tests will give companies the opportunity to claim regarding the recyclability. About the EVOH, we tested different EVOH concentrations in HDPE containers, and we recently updated the guidelines up to 6% but with conditions by using the right amount of PE tie-layers, then the container can be recycled, otherwise the EVOH will create yellowing effects. Therefore, it is not generic guidelines on EVOH, but under certain conditions.

Concerning the size, our intention is to create value also in small-packaging waste. The importance is to design cosmetics packaging in the right way to have them designed for recycling.

On the guidelines, you mention that you follow the EMF definition, which has a global-scale approach. We do not believe in the threshold included in the EMF guidelines. If packaging is recycled in one Country, then it could be recycled in other Countries from a technical point of view. Considering the recent changes in legislation at the European scale, then we believe that the priority is to have harmonized guidelines. Otherwise companies will have different approaches.

Auriane Bodivit (Quantis): What is the definition of recyclability that you adopt then?

Fabrizio Di Gregorio (RecyClass): To assess the recyclability definition, you need to cover 4 steps: collection, sorting and separation in aggregated streams, recycled or reclaimed in commercial plants, and then the recyclate has to be reused for new products by replacing virgin material.

Auriane Bodivit (Quantis): What do you consider as commercial scale?

Fabrizio Di Gregorio (RecyClass): It is at industrial scale, it could be defined based on a specific operational capacity (e.g. 1 ton/hour)

Auriane Bodivit (Quantis): Are you also leading tests on other kinds of tubes?

Fabrizio Di Gregorio (RecyClass): We are currently developing the Recyclability Protocol for PP containers (and will probably finalize it by the end of April). Apart from that, we have a protocol for PE flexible films, and on PET bottles, we are fully aligned with EPBP.

Philippe Bonningue (L'Oréal): Beyond the worldwide approach at scale and in practice according to the EMcA Foundation thresholds, which presents challenges for the cosmetics

range and complexity, we could propose to add whether a stream is existing at scale and in practice in at least one country (as a working stream), to consider that the design is ok and that consequently the packaging could be shown as “recyclable: yes”.

Paolo Glerean (RecyClass): The target for the packaging in a new plastic economy is to make it circular and we are leading it in Europe. If you as the cosmetic sector can create the conditions to get to that target, and create a value out of waste material, it will make more sense to recycle it as it will be seen in a more profitable way, etc. So, if there is a creation of value out of waste for example at the scale of one country, then at one point in time we can show other countries the value of it and they can then copy the best practices. But we need to standardize the way we design the package.

Auriane Bodivit (Quantis): The objective of the Initiative that was set focuses on being aligned with what is done and also to identify as a sector what is not precise enough in existing guidelines.

Paolo Glerean (RecyClass): PET bottle industry made a start 20 years ago in that direction creating guidelines to standardize the bottles and made it easier to recycle and profitable way. We should use it as best practices.

Auriane Bodivit (Quantis): This is something we may consider down the line.

Robert DiPalma (Estée Lauder): Is there a minimum dimension for the tubes proposed globally. Screens per APR are 50mm x 50mm at the MRF sortation. Is that the dimension we will be adhering to?

Auriane Bodivit (Quantis): This is a question on which we have not agreed yet. To start with, we need to find the SPICE position on whether we want to consider size as a potential disruptor, and if we do, then we will need to find an agreement on what is the size that seems the most adequate. APR provides a 50mm x 50mm threshold but other guidelines provide different recommendations. If we decide to adopt a conservative approach, then APR guidelines might be the threshold we may want to go for.

Coffee Break

4. SPICE Tool: update on the next steps

François Witte (Quantis) recalls that during the last Committee Members were asked to provide data to define average industry values on topics such as transport. He thanks all those who participated, and reminds that other contributions should be sent asap. For now, we didn't do a final consolidation as we are waiting for more feedback but we will come back to people who sent some content in case we have questions.

He explains the End of Life approach that will be applied in the SPICE Tool V1. Within the first version of the tool, the "Yes/No" of recyclability will be manual, i.e. the user clicks on a switch button to say if the primary pack is recyclable, and another switch button to say if the secondary pack is recyclable.

When the user clicks yes, then the tool assesses if there is a main material group, and if there is one, each material belonging to this group gets a share of recycling in its end-of-life scenario, while other materials (i.e. not part of the main material group) get no recycling.

This approach is a conservative way of going forward within the tool, and we know it does not reflect accurately every situation. This approach is temporary and will be refined (e.g. by adding the concepts separability and disruptors (size, colors...)) once we reach a harmonized position on recyclability among SPICE members.

Kenji Ohashi (Shiseido): Does this scenario mean the recyclable material packaging will not be 100% recycled?

François Witte (Quantis): When a packaging is considered recyclable, an average end-of-life scenario is applied. This scenario considers a share of recycling, but also other streams (incineration with or without energy recovery, landfill)

Raqy Delos Reyes (Avon): What if there is 50-50 split?

François Witte (Quantis): We propose to consider that a main material group should have a mass that is strictly superior to 50% in order to be considered as "main".

Kristin Dasaro (Mary Kay): If you consider a tube + cap. Should we run the tool for each sub component, or as an assembly? What if the tube is PE and the cap is PP?

François Witte (Quantis): The Yes/No question applies to the entire pack (primary packaging and one hand, secondary packaging on the other). If the tube is 60% of the mass and the PP CAP is 40% Then the tube is considered as the main material.

François presents a quick recap of the web meeting of April 2nd, in order to present the tool architecture and on which technology it relies on an IT Team point of view. Most of the companies were represented with more than 40 participants with few additional questions

that couldn't be answered during the minutes but we will answer within the minutes of the meeting.

François Witte (Quantis) proposes Members to vote on the following additional security tests:

1. Do you require a deep review of the tool architecture by an external AWS consultant, for a budget of €10k?
2. Do you require a penetration testing ("pentest") by an external IT security company? (Note: the budget for this type of tests is variable as it depends on the expected test duration. At this point we want to identify how many companies expect it)

Corporate Member	Question 1	Question 2
Albéa	Yes	Doesn't vote
Aptar	Yes	Doesn't vote
Avon	Yes	Yes
Axilone	Yes	Doesn't vote
Chanel	Yes	Doesn't vote
Clarins	Doesn't vote	Doesn't vote
Coty	Yes	Doesn't vote
Estée Lauder	Yes	Yes
Heinz-Glas	Yes	Yes
Hermès	Yes	Doesn't vote
L'Occitane-en-Provence	Yes	Doesn't vote
L'Oréal	Yes (in existing budget)	No
LVMH	Doesn't vote	Doesn't vote
Mary Kay	Yes	Doesn't vote
Groupe Pochet	Yes	Doesn't vote
Schwan Cosmetics	Yes	Doesn't vote
Shiseido	Yes	Doesn't vote
Sisley	No	Yes

Proposition 1 is approved; Proposition 2 needs to be clarified (in terms of possible options and corresponding budget) and submitted again to Members.

Chloé Pigneron (Groupe Pochet): What about a plastic cap on a glass bottle? Can the cap be considered as recyclable (EOL scenario)?

François Witte (Quantis): Currently in this temporary approach it's not considered as recyclable, the "no recycled" scenario will be applied.

Helene Villecroze (Chanel): Do you know already when we will have the tool to test (end of April but when more precisely?) and for how long? 2 weeks?

François Witte (Quantis): End of April is the objective, so you can plan testing time in May. The overall testing periods will run from this release until the final release beginning of July, with period of testing as features are being rolled out.

Andrea Spinosa (Coty): Can we have a global view of the different blocks we will have to provide feedback for?

François Witte (Quantis): At this point we cannot provide a clear breakdown of which feature will be available for testing and when, but we will clarify this prior to the launch of the testing period.

5. SPICE Database update

François Witte (Quantis) presents work progress for datasets development, as well as packaging suppliers that have been contacted in view to collect primary data.

6. Communication: Summary

Document, Webinar, CEAC 2020

Maria Zafeiridou (Quantis) reminds that during the last Committee meeting a mockup version of the Summary document was presented to Members. We are finalizing it and will send it to you on April 14th and will expect you to let us know if you agree with the use of your company's logo. You will have two weeks to let us know. In terms of communications, we will send you a social media kit if you wish to communicate on the release, but because of the current situation,

we decided commonly with L'Oréal to hold the publication and should let you know by the end of April what we are up to.

In addition, the SPICE webinar that was scheduled in June will be postponed to Autumn 2020. We were also informed that the CEAC conference is cancelled, and thank Members who planned to participate in the SPICE presentation.

Andrea Spinosa (Coty): Do we want to have a different plan for the paper version versus digital? Paper version can be limited for resource savings?

Camille Rosay (Quantis): For the moment we have no plan to print this document.

Maria Zafeirdou (Quantis): The plan is to publish it on the SPICE website, and we can send the printable version with printing instructions.

Camille Rosay (Quantis): As you understand we need to navigate through lots of uncertainties due to the current situation, but we will update you as soon as possible on the different communication aspects.

7. Project budget update

Camille Rosay (Quantis) presents the budget update:

- 11k€ were saved on Paris and NYC Committee meeting organization
- 10k€ have just been validated

The remaining Year 2 budget that will be allocated to Year 3 is now 28.5k€

8. Timeline and next steps

Camille Rosay (Quantis) informs Members that we plan to organize the next meeting (Committee 4) in September. She presents the indicative overall planning and key milestones to anticipate before the next SPICE Committee.

For each workstream, you will receive information for the next steps in dedicated emails. Also note that you will receive a survey to start collecting ideas and priorities for the future of SPICE. The main goal of Committee 4 will be to validate the scope and budget for Year 3.

Philippe Bonningue (L'Oréal): Regarding PCR examples in order to have common and sincere approach, as discussed with other Members during last committee, we would need detailed examples in order to align on common definition, all along the value chain (prior reaching the household consumer), to illustrate PCR from households, municipalities, industries, etc. We could do it in Year 3 or if some members are interested, we can do it in a parallel working group to go faster, as we think some examples are missing and this cannot wait 6 or 12 months (the end of 2020 or 2021).

Paolo Glerean (RecyClass): There is already a European definition on PCR and PIR that you can use.

Phillippe Bonningue (L'Oréal): Yes, and we know the ISO ones but the definition is not that clear for the examples we have in cosmetics (along glass chain, for example).

Hélène Villecroze (Chanel): I understood this topic was planned for the end of SPICE Year 2.

Chloe Pignerol (Groupe Pochet): I agree with Philippe Bonningue (L'Oréal).

Camille Rosay (Quantis): This is not something that has been validated yet, but we know there is a need. We first have to more precisely assess the need, so that make sure our proposal will answer it, and to assess the budget needed. When sending the survey, we will make sure you will be able to mention the level of priority of each topic. What we anticipate is that the 1st Committee of Year 3 will be at the end of 2020, if this topic is a priority, we can make sure to deliver it as soon as possible.

Michele Del Grosso (Aptar): The definition of end of waste regulation from EC about plastic waste, that is currently working to harmonize this aspect. This is something closely related to PCR and PIR and it is a key topic on our side.

Camille Rosay (Quantis): This topic would relate to market watch or regulatory watch, and this is part of the things we can envision as well and that you can mention in the survey.

Dimitri Caudrelier (Quantis): Thank you for the participation, interactions are more difficult through a webinar, and that makes the French people aware of what could people feel when participating from the US during the previous meetings. I hope next time we will be able to be all together in Paris and New York!

Closing of the meeting