SPICE YEAR 2 COMMITTEE 4 MEETING MINUTES

22.09.2020

Minutes written by: Quantis

In-person participants (Paris meeting):

- Gilles Swyngedauw, Albéa
- Robin Hervé, Axilone
- Hélène Villecroze, Chanel
- Nicolas Mathieu, Chanel
- Aurore Fandard, Coty
- Chloé Pignerol, Groupe Pochet
- Valentin Fournel, CITEO
- Anne-Florence Lecolier, Quantis
- Auriane Bodivit, Quantis
- Camille Rosay, Quantis
- Dimitri Caudrelier, Quantis
- François Witte, Quantis
- Thibault Compagnon, Quantis

Remote participants:

- Aude Charbonneaux, Albéa
- Joseph Lemoine, Albéa
- Michele Del Grosso, Aptar
- Christophe Marie, Aptar
- Mike Hercek, Avon
- Luiz Campos, Avon
- Steve Cholowsky, Avon
- Reynald Trochel, Axilone
- Jordan Rey, Clarins

- Robert DiPalma, Estée Lauder
- Michael Christel, Estée Lauder
- Elisa Trebes, Heinz-Glas
- David Petit, Hermès Parfums
- Nicolas Piffault, Groupe Pochet
- David Bayard, L'Occitane en Provence
- Philippe Bonningue, L'Oréal
- Philippe Thuvien, L'Oréal
- Alexandre Capelli, LVMH
- Régine Frétard, LVMH
- Pauline de Rodellec, LVMH
- Kristin Dasaro, Mary Kay
- Keith Learn, Mary Kay
- Tobias Koetter, Schwan Cosmetics
- Kenji Ohashi, Shiseido
- Romain Reyx, Shiseido
- Mathilde Harel, Shiseido
- Cédric Laplace, Sisley
- Samantha Sauvestre, Sisley
- Julien Romestant, Cosmetic Valley
- Carlota Vicente, FEBEA
- Vanessa Chesnot, FEVE
- Lisa Powers, PCPC
- Thomas Myers, PCPC
- Fabrizio Di Gregorio, RecyClass
- Antonino Furfari, RecyClass
- Anne-Sophie Verquère, Quantis
- Caroline Ruiz Palmer, MWE

SPICE Members apologized for absence:

- Elipso

Description: The Members of the SPICE initiative - the Sustainable Packaging Initiative for CosmEtics - gather for the 4th and last committee of the second year of the initiative.

Introduction

Dimitri Caudrelier (Quantis) welcomes all participants, presents the meeting's rules to ensure efficient discussions 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 Tool & Database
3. SPICE Methodology: Recyclability
4. Communication: recent publications, press release, webinar
5. SPICE Year 3 proposition
6. 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, who are invited to present themselves.

2. SPICE Tool & Database

François Witte (Quantis): SPICE Tool V1 is live since July for SPICE Members and starting September 22nd for external users. A new scenario comparison feature has been implemented recently. He provides clarification about the possibility to communicate environmental footprint results obtained through the SPICE Tool:

SPICE Tool results can be used to support packaging claims on environmental footprint.

- SPICE is publicly available: Methodology can be downloaded on the SPICE website, the Tool is publicly accessible (guest user)

- The SPICE Tool can be the basis of environmental claims aligned with ISO 14 021:

    - The claim itself should be accurate, sourced, non-comparative, science-based, covering the whole life cycle.

    - When communicating the claim, the assumptions used in the Tool to create the scenarios and generate the results should be transparently communicated together with the claim. A simple report from the Tool should be generated and made available to whoever requests more information.

  - Limits:

    - If you want to claim ISO 14040-44 compliance: you need to draft a full ISO-compliant report.

    - If you want to make assertions that are comparative to a competitor product: you need to draft a full ISO-compliant report with a critical third-party review.

It is reminded to refer to the SPICE Methodological and Claims Guidelines' recommendations.

Philippe Bonningue (L'Oréal): When communicating environmental footprint results based on the SPICE Tool, do we need to refer to the SPICE methodology?

François Witte (Quantis): It is not mandatory, as long as the methodology is compliant with ISO 14 021.

Camille Rosay (Quantis): The participation agreement provides conditions when referring to SPICE in external communications.

Michele Del Grosso (Aptar): Should we have product category rules for LCA comparison? We need to have ISO 14025 EPD to claim performance third-party review?

François Witte (Quantis): Indeed, it is important to differentiate different types of environmental claims:

- Type II are self-declared environmental claims: Claims based on SPICE Tool results would belong to that category
- Type III claims (commonly called "eco-profiles") are defined by a dedicated declaration program: we are quite close to this kind of scheme (with product category rules), but it would require a third-party verification body and other needed proceedings to fully align with 14025.

SPICE Members are invited to provide feedback on the Tool and how it will be used internally.

Jordan Rey (Clarins): It is easy to use however the database is still a bit limited in terms of materials (e.g. PLA), finishing process, etc. The fact that the main page displays L'Oréal's name is problematic internally.

François Witte (Quantis): Regarding the database, we will keep developing and integrating new datasets.

Camille Rosay (Quantis): SPICE is a co-foundation between L'Oréal and Quantis, which is mentioned in all materials and deliverables, the Tool is one of them.

Aurore Fandard (Coty): The tool is easy to use, with a good interface, the single score is a plus, since analyzing 16 indicators can be very complicated. Internally, the main purpose will be to use for the conception phase (eco-design and comparison of several scenarios for projects). We will need some support to implement it and to ensure good interpretation of results.

Kristin Dasaro (Mary Kay): Is there a recommendation to enter parts with PE blends, tubes for example (e.g. 70/30)?

François Witte (Quantis): Each component is made of several materials: you can either use one material, which is the most representative, or several materials with the corresponding mass proportion.

Luiz Campos (Avon): It would be useful to export results through an Excel file.

François Witte (Quantis): We propose to develop that as part of the next features, as well as to make it possible to export data inputs.

Kenji Ohashi (Shiseido): I would have two comments: 1/ would it be possible to disclose the background scenarios for waste treatment? 2/ we are developing new technologies for which the process is not available today, it could be useful to make it possible to specify some datasets (ex. specify the type of energy used).

François Witte (Quantis): 1/ Yes, as part of the work to develop the database, we will propose to draft a detailed appendix to the database to explain this kind of hypothesis and default data. 2/ That could be an improvement for the future (to be validated with all members).

Kristin (Mary Kay): Is there a recommended standard for the rate of restitution?

Gilles Swyngedauw (Albéa): Yes, RecyClass defines restitution rates of packaging.

Joseph Lemoine (Albéa): Some terms can be difficult to understand for non-technical people (ex. for paper, cardboard we use terms like "solid bleached board"), is there a way to clarify?

François Witte (Quantis): The first answer is to refer to info / help boxes that provide short descriptions within the Tool. This is also something that could be added to the Appendix.

Hélène Villecroze (Chanel): I agree with previous comments, the Tool is very convenient, but for us database still too limited to cover all materials and processes, there is a need to complete the database.

Mathilde Harel (Shiseido): Same comment for finishing processes.

Kenji Ohashi (Shiseido): We also agree with the previous comments on finishing processes.

Dimitri Caudrelier (Quantis): We will talk about the proposed budget allocation and datasets development in Year 3, and we note that we need to be very reactive on that point, to keep the momentum and make sure the Tool meets the needs.

François Witte (Quantis): As a reminder, a training session (dedicated to SPICE Members) will be organized in the coming weeks. The recording and slide deck will be provided and can be used internally.

Aurore Fandard (Coty): How many people can be invited to the session?

François Witte (Quantis): No limit on the number of attendees, it will be an online session. François details the datasets that have been, or are being developed, during Year 2.

The next steps to develop new features for the SPICE tool and enrich the database will be presented within the Year 3 proposition.

3. SPICE Methodology: Recyclability

Auriane Bodivit (Quantis) recalls the different steps and timeline of the recyclability methodology development and the deliverable purpose. The objective of this document is twofold. First, it is to collect existing information and data to build a common understanding of the topic for SPICE members. Then, it is to support users of the SPICE Tool in answering the "Is your packaging recyclable?" question that will determine the type of end of life scenarios selected in the environmental footprint assessment.

Auriane Bodivit (Quantis) recalls the main assumptions resulting from discussions with SPICE members in Year 2.

The overall approach to the recyclability topic consists in a decision tree which entry point is the presence of a main material. The second step consists in assessing the existence of an *"in practice and at scale"* recycling stream corresponding to this main material, and based on the Ellen MacArthur Foundation thresholds. The last step consists in assessing the presence in the packaging of disruptors to the main recycling stream.

Results of the vote on the question of whether to consider the size of packaging are 2 votes in favor, and 11 votes in favor of not considering the question of size to focus on an ecodesign approach.

It is suggested not to consider separability at the consumers' level to keep a conservative approach. This is to encourage packaging designers to question the presence of components or materials' associations that could be disruptive one to another even though these are components are theoretically separable by the consumers. Data is lacking to confirm whether the consumer will effectively separate these components.

Michele Del Grosso (Aptar): If my packaging design does not have disruptors but it is used in countries where we do not have recycling rate >30% and 400 million inhabitants. How is considered the recyclability of this packaging?

Auriane Bodivit (Quantis): Here, we have a worldwide approach, and do not take a country-level approach on purpose. If you know for sure that the packaging you have does not match the thresholds defined by EMF in the market you consider or if you know that it will not be recycled, even if this is a recycling stream considered as in practice and at scale globally, then you can manually indicate that your packaging is not recyclable. Here, we consider the second step of the methodology, where it is necessary to assess the existence of an *"in practice and at scale"* stream. Disruptors' assessment comes in a later step.

Kenji Ohashi (Shiseido): The separability of the packaging by the consumers should be considered.

Auriane Bodivit (Quantis): For now, it is very difficult to know for sure that the consumer will separate components even if they are technically. The objective of this conservative stance is to make the link between the EMF definition and recycling facilities reality, and to consider the concrete cases in which consumers will for sure separate the components of the packaging. If there are no guarantees that he or she will do so, then this means that if a packaging is composed of mutually disruptive elements that are theoretically separable, then there are high chances that it will end up not separated in recovery facilities, and then be excluded of the stream.

Nicolas Piffault (Groupe Pochet): So only the main component is recyclable if the sub-components are from different material even if designed to be separable?

Auriane Bodivit (Quantis): Yes, indeed. In this version of the methodology, this comes from conservative assumptions, and this could be improved in Year 3 as we refine the approach and methodology.

Valentin Fournel (CITEO): For the first step of the assessment, do we consider only the main material, and components as associated components from the start?

Auriane Bodivit (Quantis): Yes, we consider the packaging as a whole with sub-components not being separable from the main body. The entry point is through the main material group.

David Petit (Hermès): This means that the analysis must be done for the full packaging and not component by component?

Auriane Bodivit (Quantis): Yes.

Auriane Bodivit (Quantis) explains that there were questions collected from members on the final version of the deliverable. There were three types of feedback:

- Specific questions on disruptors' cases: addressed through individual responses, referring to existing and source guidelines
- Comments on the readability of the document and specific information to be clarified: integration of the minor changes to the final version of the document
- Suggestions or comments on topics to reassess or specificities of the cosmetics sector to account for: suggested to be integrated to the Year 3 agenda.

David Bayard (L'Occitane en Provence): Could we have explanation from Recyclass why PET is disrupting PET?

Auriane Bodivit (Quantis): In specific cases, for instance PET labels or sleeves, and more largely materials with density > 1g/cm^3, this can be disruptive to PET bottles (clear light blue and transparent coloured).

Fabrizio Di Gregorio (Recyclass): Existing recycling streams currently focus on the main body, and on PET bottles. The interest is to prevent the main body from being contaminated, and to ensure the contamination will not impact the quality of the output product. Associated components such as sleeves or labels for example may hinder this process.

Valentin Fournel (CITEO): An interesting point could be to highlight in the SPICE position when various EPR positions are not aligned, for example for disruptors.

Auriane Bodivit (Quantis): In the previous version, we highlighted the reference for each disruptor, but it was hindering the readability of the document. For the disruptors' assessment, when positions are not the same for APR, RecyClass, etc. we decided to flag the specific case as disruptive to align on a conservative approach.

Robert DiPalma (ELC): Can we discuss size of the packaging again? If the MRF's use screens to remove the glass, the size of plastic is impacted by the screen size and plastic items smaller than 2" x 2" do not get recycled.

Auriane Bodivit (Quantis): On the size, there are different positions depending on the EPR and recyclers' associations. The stance not to consider size comes from the vote with SPICE members. If this is a topic that most members wish to re-open, this can be added to the agenda for Year 3.

Fabrizio Di Gregorio (Recyclass): I agree with the previous comment on the fact that we should refer to the size as it reduces the chance to recycle the packaging.

Auriane Bodivit (Quantis): If we want to integrate the size we need to align on the threshold which is not harmonized so far depending on the existing guidelines. We can work on this topic in the coming months.

Valentin Fournel (CITEO): For France we will work on this topic in 2021 because we lack information on this specific issue, we will be happy to share the results with SPICE.

Christophe Marie (Aptar): We would have some questions on the association of aluminium barrier and rigid plastics (PE, PP, PET) as it seems that there are some associations not flagged in the Excel that should be.

Auriane Bodivit (Quantis): I will get back to you on this, please send me your questions by email.

Joseph Lemoine (Albea): A question regarding slide 23, rigid HDPE stream seems to be missing in the table, although it is aknowledged as developed by EMF. Also, is it relevant to consider PE tubes a stream as such? Shouldn't it be included in the rigid HDPE stream as it the actually the stream it belongs to?

Philippe Bonningue (L'Oréal): There is a gap between the slide 24 and the excel: rigid PE should be added as Recyclable in the PowerPoint.

David Petit (Hermès): On the size, does including the size would not be exactly the approach aligned with pushing for ecodesign and encouraging best practices? Same comment on separability, if you do not account for the separability at the consumers' level, then you can't push the marketing department to make it separable. For example, if we take a glass packaging, it can be separated at consumer level or at facility. Should we add an exception?

Auriane Bodivit (Quantis): In the case of glass, even if this is not separated at the consumers' level, the list of disruptors to the glass remains limited and there are high chances that the glass body will be recycled at the recovery facilities and associated elements separated through the sorting technologies. If this approach is questioned by most members, we can discuss further on separability at consumers' level.

Kristing Dasaro (Mary Kay): To clarify, does this mean we cannot consider a PET bottle as recyclable if it has a cap or pump of a different material?

Auriane Bodivit (Quantis): If this PET bottle has sub-components in a material disruptive to the main PET bottle recycling stream, then yes, the bottle will be excluded from recycling processes.

Nicolas Matthieu (Chanel): I strongly agree that separability is a topic we should discuss further (example glass + metal). How frequent will we update the document?

Auriane Bodivit (Quantis): This is a topic that can be put at the top of the agenda for Year 3 to discuss it further and refine the methodology if this is something most members agree on. As for the updates, it will be for sure updated in Year 3, and we can define commonly how often it should be updated.

Valentin Fournel (CITEO): The question of glass and metal is more a question of secondary recycling streams than separability.

Aurore Fandard (Coty): It would be important to distinguish the common sectoral approach on recyclability that we want to build and what we want to integrate to the tool. We could have a tool dedicated to recyclability, but this should not be the focus on the environmental footprint assessment tool. In the end, the impact of the end of life on final footprint results is not that important.

Auriane Bodivit (Quantis): The objective today is to validate the document we have so far, keeping in mind that it will be refined, and that it represents mainly a support for users of the tool.

Chloé Pignerol (Groupe Pochet): Can we dissociate between the validation of the document on one side, and the publication and integration to the tool? I believe based on the number of

questions and comments, the document should not be made public as we need to refine the approach.

Camille Rosay (Quantis): The objective of is to validate the document today, knowing that it is not perfect and that the work on this topic remains on-going.

Vote: Do you agree on content of the Recyclability Excel (version sent on September 11th) and its integration to the SPICE Methodological Guidelines and to the SPICE Tool v1, as a support to Recyclability Assessment?

> Sisley: Yes
>
> Shiseido: No for the moment, as further developments are needed
>
> Schwan Cosmetics: No for the moment, as further developments are needed
>
> Groupe Pochet: No for the moment, as further developments are needed
>
> L'Oréal: No, as it could discredit the SPICE Tool, we need to have the methodology the most robust possible and this discussion shows that there are some many on-going issues to address.
>
> L'Occitane en Provence: Yes, with a matter of wording and disclaimers to make it clear that this version will be refined.
>
> Mary Kay: No, some details need to be clarified
>
> LVMH: Yes, with improvements to come
>
> Hermès Parfums: No for the moment, as further developments are needed

A majority of 75% is needed for approval: **the proposition is rejected**.

4. Communication: recent publications, press release, webinar

Camille Rosay (Quantis) reminds the communications calendar:

- recent publications: SPICE Primer, Environmental Claims Guidelines
- the launch of the SPICE Tool on September 22nd

- the press release can be relayed by Members who wish to share the news; we thank the FEBEA for sharing a dedicated communication for the French market
- and the external webinar to be organized in October / November 2020 (date TBD): a 1h webinar focused on explaining the content of the SPICE Methodology and introducing the SPICE Tool to external stakeholders (target audience: companies and stakeholders in the cosmetics and packaging sectors, relatively technical. Speakers will include co-founders (L'Oréal and Quantis) and a SPICE Corporate Member: the call for speakers is open

Philippe Bonningue (L'Oréal): In the context of the SPICE Tool release, the FEBEA offered a strong opportunity to present the SPICE Tool as the best environmental footprint assessment tool on the market, in collaboration with L'Oréal and Quantis. In France, this announcement occurs in the context of the debate around the "Loi AGEC" (*loi anti-gaspillage et pour l'économie circulaire* - bill of law to prevent waste and foster circular economy).

Dimitri Caudrelier (Quantis): Now we want and need to communicate on the SPICE Tool, this is an opportunity to increase its external visibility.

Coffee Break

5. SPICE Year 3 proposition

5.1. YEAR 3 TOPICS DISCUSSION

Camille Rosay (Quantis) introduces the agenda of the proposal for Year 3, based on a survey sent to SPICE Members (17 answers were collected).

The overview of the proposed topics is presented:

SPICE Methodology:

- Refine the Recyclability Methodology
- Chemical recycling literature review
- PCR/PIR: develop case studies and align on a common understanding

Aurore Fandard (Coty): On the recyclability document, because it will not be published this year, does it mean we stop working on it until Year 3?

Auriane Bodivit (Quantis): No, we will identify priority topics (to be validated through a survey) to prepare the work to be released.

Camille Rosay (Quantis): We need to clarify the objective, and to agree on the level of details we want to have in a published document

Valentin Fournel (CITEO): Regarding chemical recycling, CITEO organizes the International "Plastic Solutions" Forum, focused on "Exploring the future of new plastics recycling technologies in 2020", October 5th and 6th: all Members are welcomed to join.

Kenji Ohashi (Shiseido): Does chemical recycling assessment mean the assessment of chemical recycled materials or chemical recycling in the waste treatment stage?

Camille Rosay (Quantis): The level of detail will actually depend on what is available in the literature. It could cover several types of technologies, applied to different types of materials.

Jordan Rey (Clarins): What is the interest of PCR/PIR case studies? The definitions seem clear enough.

Camille Rosay (Quantis): Maybe not a need for everyone, but we received many questions and comments (for example when developing the Claims Guidelines) on the fact that the definitions today lack specificity. It is only based on the survey results and it can still be challenged.

SPICE Tool and SPICE Database:

- Develop the recyclability module (the budget could be kept for later on considering that the recyclability document was not approved for publishing)
- Develop additional features: during the SPICE Tool V1 development, a list of major additional feature needs has been pre-identified, such as:
    - Sharing features: Granting access of my projects to other users (screen for user selection)
    - Sharing features: Granting access of my projects to other users (different levels of sharing (read, edit)
    - Auditing and reporting: Excel export (results)
    - Ergonomics: Possibility to have several units (mL, fl. oz, etc.) for the contained quantity
    - Ergonomics: Compare more than two projects
    - Ergonomics: Breakdown of the results for any indicator
    - Results: Display results for one consumer pack (not per FU)
    - Results: Development of a scaling methodology for facilitating results' interpretation

- Datasets development

Jordan Rey (Clarins): It would be useful to have a library where we can define a range of components that can be reused in different projects.

François Witte (Quantis): Yes, this is listed in the overall feedback, the list of priority features to develop can evolve and if you have other needs also in terms of datasets, you will have the opportunity to share it.

Aurore Fandard (Coty): How the list of pre-identified features and datasets will be prioritized?

François Witte (Quantis): We already have listed some existing needs. As we need to decide as a group, we will send surveys to make sure the features and datasets lists are still up to date and establish priorities.

Marketing & Thought Leadership:

- Claims Guidelines training
- Labels and certifications review (option to be activated if additional Corporate Members join the initiative)

Anne-Sophie Verquère (Quantis) presents the Claims Guidelines' training sessions approach.

Philippe Bonningue (L'Oréal): Will it be possible to have access to the training materials to share it internally?

Anne-Sophie Verquère (Quantis): Yes, it will be possible to make sure that it is possible to train internally. We noted through the survey that members would have favored individual trainings: it would have meant organizing many sessions in the framework of SPICE, but that does not mean that we could not be able to provide more specific sessions for every company if needed (this would be outside of the scope of the SPICE project).

David Petit (Hermès): It would be interesting to know the budget for such a service.

External visibility:

- Press release at Year 3 closure
- Participation to major conferences
- SPICE Tool promotion materials

Camille Rosay (Quantis) explains that other topics are not to be launched as soon as SPICE Year 3, since Members' interest was less clear. These topics include Point-Of-Sales (POS) materials, e-commerce, market watch, regulatory watch, position paper and will be kept in mind for the future.

5.2.   VOTE ON YEAR 3 STRATEGY

Dimitri Caudrelier (Quantis) presents the overall budget:

- SPICE Year 3 budget (funded by Membership Fees): 532,000€
  - Budget allocated from Year 2: 32,000€
  - Budget funded by Members in Year 3: 500,000€ (based on a proposed Membership Fee of 25,000€ and an assumption of 20 Corporate Members at the beginning of Year 3)
  - The budget corresponding to committees' organization (physical meetings) could be reallocated depending on the sanitary situation
  - It is proposed to lower the duration of the SPICE Tool pre-funded hosting & maintenance to 1 year beyond Year 3 (vs. 3 years beyond Year 3 previously agreed)
- SPICE Tool budget (funded by License Fees): 75,000€
  - Including marketing, sales, communication materials and a debt recovery linked to the fact that more work than expected was delivered in Year 2 to develop the Tool (number of meetings, development complexity, etc.)

Camille Rosay (Quantis): We make the assumption that we will start Year 3 with 20 Corporate Members, meaning that most current Members will renew their commitment in Year 3, and other candidates will join. Current Members are free to decide whether to commit for Year 3 and we hope that the majority will pursue the adventure.

Aurore Fandard (Coty) questions the allocation of budget for PCR/PIR that seems quite high compared to the rest (recyclability topic, or certifications review that is not a priority at this stage) and may be better balanced.

Camille Rosay (Quantis): PCR/PIR is a sensitive topic for many Members: it could represent a lot of discussions to agree and find a common approach on this. Note that it is very likely that this budget will need to be refined, depending on: new Corporate Members joining SPICE, the fact that 60k€ (recyclability module development) will need to be reallocated. Allocating more budget on recyclability could be feasible if we believe that we should spend more time on this. For certification reviews: it may be a priority for some members but not all of them, this is why we propose to include it later if it is possible.

Nicolas Mathieu (Chanel): The budget allocated to the SPICE database update seems low, there could be a need to refine the budget to allocate. It is a priority for us to have more data.

Dimitri Caudrelier (Quantis): This is noted, you will have the opportunity to specify the needs you have for new datasets.

Vote: Do you agree with the proposed topics, and with the overall budget for Year 3?

Albéa: yes

Aptar: yes

Avon: yes

Axilone: yes

Chanel: yes

Clarins: yes

Coty: yes

Estée Lauder: yes

Groupe Pochet: yes

Heinz Glas: yes

Hermès Parfums: yes

L'Occitane en Provence: yes

L'Oréal: yes

LVMH: yes

Mary Kay: yes

Schwan Cosmetics: yes

Shiseido: yes

Sisley: yes (not audible due to connection issues, confirmed after the meeting)

The proposition is approved.

5.3.   VOTE ON SPICE TOOL PRICING

Dimitri Caudrelier (Quantis) presents the rationale of the SPICE Tool positioning: the Tool should be:

- Leader: the reference in the sector, used by all the key players and setting the industry standards
- User-friendly: easy to use and navigate, not requiring any expertise or specific skills
- Affordable: with clear and straightforward pricing options

Based on this, he explains the proposed pricing and annual license fee:

- Companies: 12,000 € / year
- NGOs, Academics: 4,000 € / year

Philippe Bonningue (L'Oréal): Did we explore the opportunity of setting the price depending on the turnover of the company?

Dimitri Caudrelier (Quantis): Yes, we have, and it remains an open debate. It leads to the question of where to put the threshold in terms of company size and revenues. The value brought by the Tool and the service it provides to small companies is difficult to compare with existing tools (either highly technical, or very simplified with low level of detail and specificity to cosmetics packaging).

Caroline Ruiz-Palmer (MWE): How did you come up with the proposed license fees?

Dimitri Caudrelier (Quantis): It is based on a review of the current tools available. It is really between what exists on the market now in terms of SaaS, with a very large range of pricing depending on the level of technicity.

Camille Rosay (Quantis): This is in terms of benchmark. On the other hand, if we think in the long term, we want to have a viable Tool that can be maintained in the future. This fees also take into account the costs needed for maintenance, hosting, regular basic updates of the databases as well as the access to background environmental databases.

Hélène Villecroze (Chanel): Do you have an idea of companies that could be interested in the Tool?

Dimitri Caudrelier (Quantis): The first leads are companies which contacted SPICE to enter the initiative and which decided not to, because of costs or interests. It is difficult to have a clear vision of the market; this is based on the network we have.

Camille Rosay (Quantis): The Tool is released today and we will have more information after that. Today we cannot test the reaction of smallest companies. In the future, if we see that we should adapt the pricing, then this will be possible to do so, knowing for which companies the price could be too high. We keep it open for the future, but so far, we have no information available.

Jordan Rey (Clarins): I think the license is cheap considering that users don't have to manage the development of the whole project. For some SMEs it can still be a high cost, so a turnover approach for the pricing can be better suited.

Dimitri Caudrelier (Quantis): For sure, the price is nothing compared to the time necessary for developing the methodology and the tool.

Caroline Ruiz-Palmer (MWE): In terms of antitrust conditions, the objective is to make sure that it can be possible for companies to access the Tool.

Robert DiPalma (Estée Lauder): The cost is fair based on other LCA tools. How will the license be structured per sign on or unlimited number of users?

François Witte (Quantis): There is a limit of 70 users per subscriber.

David Petit (Hermès): The pricing could be defined depending on the number of users, to make it fair to smaller companies.

Dimitri Caudrelier (Quantis): We have a business unit that is specialized in the development of tools and SaaS, and we know from experience that it is better to have a fixed number of users that is quite high. We wanted to make sure that people can use the Tool and avoid the situation where people just give the access to other users, but people cannot use it at the same time.

Christophe Marie (Aptar): For small companies can we propose a pay-per-use scheme?

Camille Rosay (Quantis): That would mean time and complexity for billing the access to the Tool for each use. Also keep in mind that the free version enables guest users to compute calculations and get results from the Tool. One of the key differences between the free and pro versions is the possibility to save projects, and a pay-per-use model would require to save users' data to make it available later on.

Gilles Swyngedauw (Albéa): How long do you think we need to assess whether this is viable for the market?

Dimitri Caudrelier (Quantis): The key point will be to push it efficiently to the market, we are 100% positive on the fact that the market's reaction will be good, since the interest for SPICE and the Tool is already high. We will need also Members to push for it in their networks. If it does not work, either because the pricing is not good, either we don't communicate properly, we will know it within a few months. We aim for Q1 2021 to assess the interest for the SPICE Tool, and identify what are the next steps to take.

Camille Rosay (Quantis): If we anticipate on Year 3, we know that we regularly need to update the budget of the project, this will be also the opportunity to provide feedback on the SPICE Tool and the number of licenses we are able to sell.

Dimitri Caudrelier (Quantis): For all stakeholders, the objective is to have as many companies as possible using this Tool.

Vote: Do you agree with the proposed SPICE Tool annual license fee?

       Albéa: yes

       Aptar: yes

       Avon: yes

       Axilone: yes

Chanel: yes

Clarins: yes

Coty: yes

Estée Lauder: yes

Groupe Pochet: yes

Heinz Glas: yes

Hermès Parfums: yes

L'Occitane en Provence: yes

L'Oréal: yes, to be reviewed after the results of the survey

LVMH: yes

Mary Kay: yes

Schwan Cosmetics: yes

Shiseido: yes

Sisley: yes

The proposition is approved.

6. Timeline and next steps

Camille Rosay (Quantis) presents the overall timeline for Year 3. The first committee could be organized at the end of 2020 or early 2021, depending on everyone's availability.

She details the process for Members who wish to renew their membership for Year 3: the updated amendment to the Participation Agreement will be sent in the coming days, to be validated by companies' legal department. Members are asked to send it back after signature by November 13th. A few changes will be included:

- Membership Fee update (25,000€)
- Quantis commitment to maintain the SPICE Tool beyond Year 3: duration is aligned with the pre-funding by the Initiative
- Membership criteria clarification, with no impact on current Members' participation

She reminds that SPICE had been created for 3 years. Today we already know that we want to keep the momentum beyond and to work more efficiently on the various work streams (methodological developments, SPICE Tool improvement, etc.) This will be defined next year.

She thanks all Members, partners and Quantis team for the work provided during these first two years.

Closing of the meeting