

9 tips on how to become more socially responsible in the natural ingredients for cosmetics sector

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Global companies and European consumers are becoming increasingly aware of social standards along the supply chain for cosmetics products. Exporters of natural ingredients for cosmetics should therefore take social responsibility into account. This study presents options for steps you could take to increase social responsibility in your production practices and export business. It also shows how working to become more socially responsible could help improve your reputation and customer loyalty, as well as potentially increasing opportunities for accessing the European market.

Contents of this page

1. [Learn about due diligence requirements and new EU laws on social responsibility](#)
2. [Get to know your product and the producers you work with](#)
3. [Ensure your producers and/or workers are being paid fairly](#)
4. [Check options to diversify your producer's sources of income](#)
5. [Treat everyone fairly and equally](#)
6. [Make sure your employees are healthy and safe](#)
7. [Secure land use rights for long-term and sustainable production](#)
8. [Develop your own Corporate Social Responsibility \(CSR\) policy and define what makes your company special](#)
9. [Read our other studies for further information on entering export markets](#)

1. Learn about due diligence requirements and new EU laws on social responsibility

In Europe, compliance with certain sustainability standards has historically been voluntary. At present, however, these standards are being formalised and are increasingly mandatory. Although the application of EU laws for social sustainability varies [depending on the size and turnover of the companies](#), it is important to be aware of them.

Introduced in 2021, the [EU Due Diligence Directive](#) requires companies 'to identify and, where necessary, prevent, end or mitigate adverse impacts of their activities on human rights, such as child labour and exploitation of workers, and on the environment, for example pollution and biodiversity loss'. This requirement will become mandatory for the largest companies in 2024, followed by further implementation for smaller companies two years thereafter. Although these laws have yet to be officially formalised for SMEs, your European clients are certain to have their own strategies for being socially responsible.

For this reason, nearly all European companies are likely to require their suppliers to comply with stricter transparency requirements in relation to social responsibility. They usually do this by asking their [suppliers to](#)

[complete questionnaires](#) or participate in third-party compliance audits. Exporters should thus be aware that European clients carefully select the partners from whom they will source natural ingredients. This selection is often based on the exporters' commitment to social responsibility and the measures they are taking to improve in this regard.

Figure 1 provides a good overview of the sustainability elements involved in each stage of the supply chain for European cosmetics companies. You can improve your chances of exporting to Europe by complying with minimum social standards and incorporating these efforts into your company identity. As a first step, consider conducting a [self-assessment of your company's compliance with international social standards](#) set by the International Labour Organization (ILO), as include in Section 4 of this document. This will help you identify possible weak points, as well as your company's strengths in terms social responsibility you could use to sharpen your position in the market.

Figure 1: Core principles of social responsibility



Source: ProFound, 2023

Tips:

Read the report on [Good Sustainability Practices for the Cosmetics Industry](#), which highlights environmental and social aspects of sustainability.

Initiate conversation with your clients to identify their preferences with regard to social standards and criteria. Buyers may have preferences for certain labels, depending on their end clients and distribution channels.

Explore the [SEDEX case studies](#) outlining why European companies are addressing sustainability issues and how they are incorporating these efforts into their supply chains. SEDEX is a global membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains.

Consult the [ILO standards](#) and the [World Economic Forum's 34 metrics](#) concerning supply-chain sustainability to see how your company corresponds to the criteria presented. Note that these criteria have been developed and are applied to assess the sustainability performance of global companies.

Learn which sustainability issues are prioritised by companies in the cosmetics sector. For example, read the sustainability report of the cosmetic brand [Rituals](#).

2. Get to know your product and the producers you work with

Becoming involved in social responsibility entails going to the very beginning of your supply chain. Many social issues take place beyond your direct activities. This makes it very important to invest time in gaining a good understanding of your entire supply chain. To start, find out exactly where your raw material comes from and who is involved in the production, further processing, selling and transport. Identify and talk to the people involved in production and supply activities. You should also ensure that the people with whom you work have sustainable practices in place.

The next step could be to visit the producers in order to gain insight into their living conditions. Have them show you how the production process works, who is involved and which equipment they use in production and harvesting. You could also ask producers to complete a [self-assessment form to measure farm sustainability](#), as well as a questionnaire [to assess their social performance](#). The information you gather about the production site and relevant stakeholders can provide critical input for analysing the strengths of your business, as well as areas that are in need of further development.

To improve your understanding of the roles and relationships existing between the stakeholders in your supply chain, you could [conduct a simple stakeholder mapping](#). This could help you identify all the people involved in your business and their relationships with one another. This includes all your producers, as well as the communities in which they live and the people leading these communities. Figure 2 below provides an idea of how to map the stakeholders and identify which of them are likely to be more important for your business operations. Remember to keep it simple. Having a better idea of the stakeholders could help you identify problem areas and work to solve them.

Figure 2: Example of stakeholder mapping and actions to take



Source: [ProFound](#), 2023

Tips:

Consider stakeholder mapping to identify the people involved in the supply chain. [These free online resources show how to do this](#). When conducting the stakeholder mapping, speak to as many people as possible in order to obtain the fullest possible picture of the situation.

Obtain specific information on the ratio of women to men involved in different activities, as well as the presence of ethnic minorities. Global companies are interested in promoting the participation of women and indigenous/ethnic minorities. If many people from these groups are involved in your supply chain, it could be a positive feature of your business. For an example, see the British cosmetics retailer [LUSH](#).

Promote dialogue with all stakeholders in the supply chain to understand existing challenges, and to work together as equal partners to analyse bottlenecks. You are not the only one who is expected to resolve existing issues.

Reach out to your clients in the European market to review options for joint action on larger issues relating to social responsibility.

3. Ensure your producers and/or workers are being paid fairly

In recent years, the discussion concerning fair payment in Europe has shifted towards [living wages and a living income](#). This refers to the minimum income a person needs to ensure a decent standard of living. It is quite possible that the minimum wage defined in your country is not enough to provide for a socially acceptable standard of living. As a socially responsible employer, you should therefore ensure that you are paying your workers a living wage.

It is also important to pay fair prices for the products you purchase. You should document all transactions and the prices paid, as your European clients may ask for this information. It would be advisable to sign contracts with producers or producers' organisations. Table 1 offers ideas for how you could formalise agreements with your producers.

Table 1: How to improve payment conditions upstream in the supply chain

TYPICAL PROBLEM AREAS IN PAYMENT	OPTIONS FOR IMPROVEMENT
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<p>An imbalance in power dynamics means traders do not pay producers the previously agreed price.</p>	<p>Organise meetings with producers and traders to clarify the role of each stakeholder within the supply chain. Agree on fair benefit sharing, and sign contracts with producer representatives and traders.</p>
<p>Women are paid less than men.</p>	<p>Ensure that men and women are paid equally for equal work. Include a clause to this end in the contract.</p>
<p>Producers cannot sign contracts, because they are unable to read and write.</p>	<p>Have other family members sign contracts as representatives.</p>
<p>There are too many producers, making it ineffective to sign contracts with them all.</p>	<p>Sign contracts with group representatives. Ensure that producers participate in negotiations for price and payment conditions.</p>
<p>Producers are supported by other day labourers, who cannot be considered in the formal price-setting process.</p>	<p>Agree on minimum wages that must be paid to all workers involved, and integrate this into the contract with the producers.</p>
<p>Especially relevant to niche products: Demand for the product fluctuates widely, and prices vary from year to year. This creates a disincentive for producers who do not know what they will receive for their efforts.</p>	<p>Speak with your European clients and determine whether it might be an option to sign plurennial contracts or purchasing orders that indicate a minimum price and volume to be purchased.</p>
<p>Producers sign contract with your company/trader, but sell their products to other traders.</p>	<p>Elaborate a production calendar with producers, and identify the required inputs for each production step. Determine the need for pre-financing, and ensure that cash is available when the harvest occurs. If the production area is remote, it may be useful to create a fund to collect the harvest and pay the producers on time.</p>

Producers deliver a wide range of varying qualities.

Establish a quality standard with your client and the producers. Introduce a quality-based pricing system. In addition, explore the possibility of operating the cleaning process at the community level. This could allow you to increase your productivity by reducing waste, whilst adding value at the local level.

Source: [ProFound](#) and Christine Woda, 2023

These interventions could potentially increase the producers' commitment to your business. This could result in the production of higher quality natural ingredients for export, in addition to increasing resilience to climate change for your producers.

The [Pelere Group](#) in Uganda is an example of a company working closely with their producer group and European clients. They do this to ensure that the farmers are paid a premium price for the shea nuts harvested. Furthermore, if new clients are not willing to pay premium prices for the shea butter, the Pelere Group will not engage in a partnership with them. This method ensures that only those clients who are most concerned about social responsibility become partners of the Pelere Group. A relationship like this is likely to last much longer, as the goals of the stakeholders involved (producer, exporter and importer) are in alignment.

Tips:

Visit the [WageIndicator website](#) for an indication of living wages in your country. For purposes of accountability, keep records related to the pay and working hours of your employees.

Ensure that women and men are paid equally for equal work.

Consult the following guide to gain a better understanding of how to [calculate the costs of production in your agricultural operations](#).

Verify that at least the payment of minimum wages is respected in all activities. Additional fees should apply for dangerous or hard work (for example, tree climbing or handling with hazardous chemicals).

Work with your clients to consider options for incorporating a compensation mechanism in case of low yield due to climate change/disasters.

4. Check options to diversify your producer's sources of income

Another way to exhibit your commitment to social responsibility could be to support the economic empowerment of your producers. You could develop training programmes to address production issues, improve good agricultural practices or enhance productivity. In addition, you could explore options for helping your producers to diversify sources of income through [crop diversification](#) and [crop rotation](#). It might be interesting for them to build and diversify their portfolio of ingredients.

In the same way, you could also offer to help your producers to formalise their organisations. This would enable producers to access support programmes operated by non-governmental or public organisations for improving their entrepreneurship or production techniques.

Consider encouraging your suppliers to diversify their markets in order to reduce their dependency on you. You should obviously not do this until after you have documented your own personal purchasing volumes and agreements in plurennial contracts. Although it may seem risky, building relationships with your producers can

offer a variety of benefits. This is because producers who are more economically resilient are more likely to produce high-quality raw materials for your export business.

Many European importers are currently implementing their own education and training programmes by working directly in communities. For example, [Gustav Heess](#), a large importer of natural ingredients for the food and cosmetics industry, has conducted a number of social projects, including building schools and wells and improving health services for their producer communities. These projects are intended to demonstrate to consumers that they are committed to social responsibility, as well as to the producers with whom they operate.

Tip:

Explore options for transferring part of the processing process to the producers. In addition to increasing productivity, this could be a valuable option for adding value at the local level.

Work with your clients to determine the feasibility of producing and exporting additional natural ingredients as a means of contributing to the income diversification and resilience of producers. This could be part of a regenerative agriculture system ([see Tips to go green](#)).

5. Treat everyone fairly and equally

[Fair and equal treatment is a human right](#). You should not treat people differently based on gender, ethnicity, religion, sexual orientation or disability. Treating all your employees fairly and with respect is likely to build trust, strengthen loyalty and maximise efficiency throughout your company.

Women play a particularly important role in the production and harvesting of natural ingredients for cosmetics. In many cases, however, there are significant differences in the power, income and involvement of women and men, as well as in the terms and conditions under which they work. To resolve such imbalances, it is advisable to go into the communities in order to develop a better understanding of the power dynamics and to investigate the possibility of constructive dialogue concerning the empowerment of women and people of lower status. For more ideas on how to strengthen your approach to gender-related workplace issues, consult the [ILO document on Gender Diversity Journey](#).

The following is a roadmap for minimising discrimination in your company.

1. Identify potential sources of discrimination and inequality along your supply chain.
2. Conduct a review of your current policies and practices to combat discrimination, including supplier selection and pay.
3. Develop a diversity, equity and inclusion (DEI) policy that outlines your commitment to minimising discrimination and inequality in all aspects of your business.
4. Ensure that your employees are aware of and trained in the DEI policy, in addition to ensuring its consistent enforcement.
5. Establish reporting mechanisms for tracking progress towards DEI goals, and analyse this regularly to identify areas for improvement.
6. Build partnerships with local suppliers to ensure that their needs and perspectives are incorporated into all agreements.
7. Conduct regular surveys and focus groups with employees to gather feedback on the effectiveness of the DEI initiatives.
8. Establish a safe and inclusive workplace culture in which all employees feel valued and supported.
9. Ensure that your marketing and branding efforts are inclusive and representative of diverse cultures and backgrounds.
10. Continuously review and update the DEI policy to ensure that it remains relevant and effective in addressing discrimination.

In your efforts to treat everyone fairly and equally, it is important to understand the difference between equality

and equity. Equality refers to treating everyone the same way regardless of their needs or circumstances. In contrast, equity concerns fairness. People have different needs, and you should be flexible in offering people what they need in order to perform their jobs equally. It entails levelling the playing field by providing additional support to people who may need it more than others. A visual representation is presented in Figure 3.

Figure 3: The difference between equality and equity



Source: [ProFound](#), 2023

Tip:

Include elements concerning fair and equal treatment in your company's code of conduct. Ideas for aspects to include can be found in the social compliance standards in the [amfori BSCI](#) code of conduct or the [Ethical Trading Initiative](#). Make your code of conduct available in the various languages spoken by your workers.

6. Make sure your employees are healthy and safe

Ensure that the working conditions of your employees are safe and decent. This entails preventing incidents in the workplace and providing sanitary facilities, work equipment and first aid kits. Ensuring that producers are safe and respected also creates a positive working environment that fosters productivity and motivation amongst your producers.

Guaranteeing safe working conditions can be especially challenging in the sourcing of natural ingredients for cosmetics, as they are often wild-harvested in remote and inaccessible areas. The best way to clarify the potential health and safety hazards is to meet with the producers and jointly identify areas that may require intervention.

In this process, the Vietnamese [Duc Phu Agriculture Forestry Joint Stock Company](#) developed their own specialised tree-climbing equipment that makes it easier and safer for the harvesters to climb the trees to collect gum. They also facilitate the safety of their producers by providing additional personal security equipment, including climbing belts, goggles and helmets, as well as training. These accident-prevention measures have increased motivation amongst the harvesters, especially on the part of younger people.

The following are several examples of steps that you could take to improve health and safety conditions:

1. Ensure a clean, safe workplace

Have preventative measures in place to avoid injuries and illness. To this end, you could provide employees with protective gear, including helmets, gloves, goggles and masks. You could also arrange regular medical checkups for your employees.

2. Have first aid kits available and provide for emergency transportation

Make first aid kits available, and make sure that they are complete and that no items have expired. If possible, have a vehicle available to transport employees to medical facilities in emergencies. You could also establish various medical-care points in communities close to where you operate, in order to provide emergency medical attention to your employees when there is no hospital in the vicinity. To prevent the same accident from recurring, keep track of all health-related incidents, and take measures to correct them.

3. Provide a decent recreation area

Inspect the resting facilities. They should provide protection from rainfall, sunlight, cold and heat, as well as

basic sanitary facilities for hygiene, including toilets and washing stations. Moreover, ensure that there is access to clean drinking water.

4. Ensure access to improved working tools, and share knowledge on best practices

Natural ingredients for cosmetics are produced under conditions that can be quite archaic. This may involve climbing trees or entering deep vegetation, where dangerous animals live. Consider providing climbing equipment for your producers, or snake serum for emergency purposes. Examine the challenges, and discuss areas for improvement with your client.

Tips:

Brainstorm with producers about how to improve working processes and conditions, as they have the most experience with the production activities.

Before investing in personal protective equipment, conduct several trial runs to assess its acceptance (wearing and using) by producers.

Explore options for collaborating with local hospitals or the [International Committee of the Red Cross](#) to organise trainings. Note that first-aid training can save lives, especially if production takes place in remote areas.

Elaborate and distribute an emergency plan for what to do in the case of accidents, including phone numbers and contact information for the nearest doctor and hospital. Identify the availability of facilities (for example, snake antivenom serum) and people who can arrange transportation for injured individuals.

7. Secure land use rights for long-term and sustainable production

Natural cosmetics ingredients are often wild-harvested in public forests or from community land. Although collectors may have traditional collection rights, they are often not documented or clear to all parties. This places producers at risk of losing the land in the long term. Follow these steps to assess the land-use situation of your producers:

Identify who the producers are, and map the geographical location of the production area.

Ask producers whether they have legal documentation concerning the land-use and tenure rights for the production area. If such documentation exists, you should provide it to your clients in case of inquiries.

If no documentation exists, the official land tenure should be verified and reviewed with the producer. Consider what kind of land-use designation (for example, production forest, protected forest or agricultural land) is foreseen for this area.

Depending on the situation, you may need to contact a local authority to determine how to improve the land-use and access rights to ensure the long-term sustainability of and access to the production area.

This process should be part of your traceability system. For further insight into how this works, see the

document on 'Tips to go green'.

Note that collection rights may be limited to extraction only, and activities aimed at promoting the sustainable cultivation of particular species may not be allowed. This could have a major impact on the long-term sustainability, production and income of the producers. It could also contribute to the degradation of the ecosystem, as the land has no designated owner and is thus unlikely to be protected or used sustainably.

The following example illustrates the importance of securing land-use rights and the ways in which European clients could play a role in the process:

The French flavour and fragrance manufacturer [MANE](#) purchases styrax gum from the indigenous Pech people of Honduras. The gum is harvested wild in a large natural forest. At one time, the government had plans to declare this area a national park in order to improve its conservation status. These plans failed to consider the traditional Pech activity of styrax gum production, as no land-use rights were documented. This activity would not be allowed in a national park. With support from MANE and other companies in the perfumery sector, the location of the Pech production area was documented and shared with the forest authorities. A process of 'free, prior and informed consultation' was carried out, in which the Pech people were asked about the proposed declaration of the land as a protected area. A compromise was ultimately reached. Instead of a national park, the area was designated as an 'Anthropological and Forest Reserve'. This dynamic designation allowed for the combination of forest conservation and the preservation of the traditional production of styrax gum. The Pech people now have a formal assignment for the forest that ensures sustainable land use and long-term conservation.

Tips:

Explore FairWild's work on [wild-harvested jatamansi](#) to see how establishing a traceability system can lead to the prolonged cultivation of plants.

Identify landowners and stakeholders who have an interest in the land. These parties may include local communities and local governments.

Communicate the benefits of securing land-use rights to the local community. Examples include long-term sustainable land use, economic growth and employment opportunities.

8. Develop your own Corporate Social Responsibility (CSR) policy and define what makes your company special

A CSR strategy is a company's roadmap towards ethical business practices. Having a CSR strategy could help you comply with local and international regulations and standards, in addition to increasing trust and credibility amongst your clients and suppliers. Most importantly, a CSR policy allows you to differentiate yourself from your competitors, whilst also attracting customers and clients who place greater value on socially responsible companies.

Content of a CSR strategy:

Summary of findings concerning the strengths of your business and supply chain, along with any obstacles that stand in the way of becoming a socially responsible business (consult documents relating to stakeholder analysis, production and payment conditions, producer resilience, safe work and land-use security)

Definition of your CSR goals (both short-term and long-term). Reach out to your clients to identify

priorities on the international market in terms of social responsibility

Definition of actions to achieve the goals, along with an estimated timeframe and sources of funding (if applicable)

Monitoring system for regularly assessing performance and reporting on achievements.

To attract clients, use your CSR strategy and related actions to develop unique selling points (USPs) that emphasise your sustainability practices. These could include your contribution to community-income generation, improvement of working conditions or other social projects you have undertaken in the communities in which you work.

One of the most effective ways to develop your own USPs is to [tell a compelling story about your commitment to social responsibility](#). In addition to highlighting this story in your CSR document, you can use it to reach new audiences and target consumers directly through various social media channels (such as LinkedIn and Facebook). Try to structure your engagement in clear messages that demonstrate your awareness of an issue that needs addressing, the impact you have had thus far and what you have done to achieve this impact.

To enrich your storytelling with concrete evidence, visit the field to document the opinions of producers concerning how the company's interventions have benefited them, their families, and their communities. Never make claims that you cannot support (for example, concerning your impact on local communities). Always back up your claims with evidence and examples.

An exporter of shea butter from Burkina Faso, [OKA Cosmetics](#), provides an example of how a company has successfully recorded such feedback from field and publish it as part of the marketing campaign.

Tips:

Start by identifying the key areas of focus for your company's CSR policy. Priority areas could include the empowerment of women, support for vulnerable ethnic minorities, improvement of working conditions or long-term commitment to increase the resilience of local communities.

Explore what your competitors and similar companies in the sector are doing to obtain a broader picture of where your company stands.

Act, and remember to benchmark your performance and report on your accomplishments on a regular basis.

Tell your unique CSR story in a way that creates empathy and engages customers on the issue. Focus on the benefits of your strategy to European markets, and not on specific actions and the impact you are expecting.

Share your CSR policy and achievements on your website and through social media. Many businesses are now [incorporating their CSR programmes into their digital marketing efforts](#).

9. Read our other studies for further information on entering export markets

CBI has published a range of studies put together by industry experts containing further tips for becoming a successful exporter of natural ingredients for cosmetics to Europe. These tips provide insights on [how to find buyers](#), [how to make the digital transition](#) and [how to organise your exports](#). There are also further studies on specific natural ingredients for cosmetics products, including [essential oils](#), [shea butter](#), [fruit seed oils](#) and

[alternatives to palm oil](#). These studies should be used in combination with the other tips to provide your clients with a holistic service that increases your chances of finding buyers in international markets.

This study was carried out on behalf of CBI by Christine Woda and [ProFound – Advisers In Development](#).

Please review our [market information disclaimer](#).