

ORGANIC PERSONAL CARE AND COSMETICS

Capitalizing on this growing sector



A NEW GROWTH CATEGORY FOR PERSONAL CARE

The emerging organic personal care sector, which posted \$9 billion in global sales in 2011, is one of the largest growth areas in the personal care industry. Manufacturers are faced with many options when pursuing certification or label claim validation for organic personal care products. This paper details the status of the current organic personal care market and highlights the standards and product label claims most relevant to consumers, regulators and retailers.

CURRENT STATE OF ORGANIC PERSONAL CARE



The U.S. organic industry has enjoyed phenomenal growth over the past 30 years, increasing from \$1.9 billion in sales in 1980 to \$37 billion in 2011.

In the organic personal care industry, innovation and leadership have catapulted sales as the result of rising consumer awareness of the potential impact personal care products may have on health and the environment. In 2011, growth in organic personal care reached 9.5 percent, and organic non-food sales in 2011 surpassed \$2 billion, making it the fastest growing category in the organic industry, according to the Organic Trade Association.¹

Drivers of this growth trend include increased consumer interest in reducing and eliminating chemicals (such as parabens, phthalates and aluminum salts) suspected of being harmful to human health and the environment, as well as the national movement toward more sustainable products and practices.

U.S. REGULATION

As consumer interest in organic personal care products grows, so does the need for national standards for certifying these products and validating organic label claims. The National Organic Program (NOP) of the U.S. Department of Agriculture (USDA) sets standards for organic foods, but it does not currently have a specific standard for organic personal care products. The USDA's limited resources and industry prioritization have hampered its ability to develop organic certification criteria for this product sector.

Consumer Trends for Organic and Personal Care Products

- > 76% of consumers prefer a product that has been independently tested and certified as sustainable or green.
- > 73% prefer products with certification marks.
- > 70% read detailed product labels for personal care products.
- > 43% are highly concerned about the quality of personal care products.
- > Half of all consumers and 61% of safety-conscious consumers recognize the USDA organic certification mark.
- > Independent certification marks on organic products are important to 39% of all consumers and 50% of safety-conscious consumers.
- > Independent certification marks on personal care products are important to 34% of all consumers and 41% of safety-conscious consumers.

Source: Independent survey conducted on behalf of NSF International, 2012.

¹ OTA 2012 Organic Industry Survey



LIPSTICK YOU CAN EAT?

As of 2002, the only personal care and cosmetic products in the U.S. that can be certified as organic are those that contain organic food-grade ingredients in accordance with the NOP. This conundrum – how to make an organic lipstick or shampoo essentially containing only edible organic ingredients or ingredients from the National Organic Program National List – created a need for a different certification solution for the personal care sector.

In 2004, NSF International, the independent public health and safety organization, addressed this issue by convening a joint committee of industry stakeholders including consumer groups, regulatory and public health officials, trade association members, ingredient suppliers and product certifiers. They worked together, following the process requirements of the American National Standards Institute (ANSI), to develop a transparent, third-party, consensus-based American National Standard for certifying organic personal care products.

A NEW STANDARD EMERGES

In 2009, the joint committee completed NSF/ANSI 305: Personal Care Products Containing Organic Ingredients. The standard defines labeling and marketing requirements for personal care products containing a minimum of 70 percent organic ingredients. It remains the only transparent, consensus-based standard for the organic personal care sector to date.²

NSF/ANSI 305 covers products that may be applied to or used externally on any part of the body (e.g. hair, face, hands and feet), including:

- > Cosmetics
- > Rinse-off and leave-on hair care products
- > Oral care products
- > Personal hygiene products

It enables companies to be certified, giving them the right to use the “contains organic ingredients” front panel claim while meeting strict requirements that include certified organic ingredients, materials, processes and production specifications.

Specifically, NSF/ANSI 305:

- > Defines organic labeling and marketing requirements for personal care products containing at least 70 percent organic ingredients
- > Allows for the chemical processing necessary to create an effective personal care product
- > Satisfies retailer demand for proof of organic integrity (e.g. Whole Foods Market and the National Cooperative Grocers Association encourage third-party certification (such as NSF/ANSI 305) for all organic personal care and cosmetic products they sell)
- > Complies with the NOP organic ingredients list and the California Organic Products Act (COPA) labeling law

Products certified to this standard may use the NSF “contains organic ingredients” certification mark.

HOW IS THIS DIFFERENT FROM THE NATIONAL ORGANIC PROGRAM (NOP) STANDARD?

NSF/ANSI 305 allows for organic ingredients to undergo certain chemical processes not recognized under the NOP. However, like the USDA NOP regulations, NSF/ANSI 305 includes requirements of organic ingredients, materials, process and production specifications and labeling. The NSF/ANSI 305 standard also requires that NOP-certified ingredients be used.



² QAI-Inc.com, “Q&A on the American National Standard for Personal Care Products Containing Organic Ingredients.”

CONSUMERS ARE CONCERNED ABOUT PERSONAL CARE PRODUCTS

According to an EcoFocus Worldwide study³, 85 percent of consumers are “consumers who care” – shoppers who consider the environmental impact of their purchasing decisions. The study also showed that 48 percent of consumers find it important to choose green toiletries and 33 percent find it important to choose green cosmetics.

According to a 2010 report by the President’s Cancer Panel, organic products help reduce exposure to harmful chemicals that can increase the risk of contracting cancer.⁴ Approximately 60 to 70 percent of the products we put on our skin are absorbed by the skin, including chemical residues.⁵ Consumers are also concerned about possible allergens in certain synthetic ingredients.

Beyond health concerns, the production of organic personal care products can help to minimize pollution by utilizing natural resources efficiently with better plant-growing methods and limiting synthetic chemicals and waste that would otherwise cycle back to the environment. A recent independent survey conducted on behalf of NSF International⁶ showed that 87 percent of “consumers who care” and 76 percent of the general population prefer a product that has been independently tested and certified as sustainable or “green.”

WHY IS THIS IMPORTANT FOR CONSUMERS AND MANUFACTURERS?

A manufacturer has to look critically at what drives consumers to purchase and what they want (or don’t want) in a product, while also being mindful of emerging regulatory drivers and changes.

Consumer trust is a large issue. The same independent survey conducted on behalf of NSF International⁷ found that it is important to 50 percent of “consumers who care” and 39 percent of the general population to see independent certification marks on organic products. NSF/ANSI 305 helps assure consumers that organic personal care products are both functional and contain truly organic ingredients as listed on the label.

SO, HOW DOES THE CERTIFICATION WORK?

In order for products to become certified to use the “contains organic ingredients” mark, manufacturers can work with a third-party certifier. They submit a detailed application explaining their business and the products they use and produce. A third-party certifier must also conduct an on-site inspection, as well as a technical review, auditing the business’ records. Quality Assurance International (QAI) is such an accredited certifier.

WHERE ARE WE NOW? WHERE ARE WE LIKELY GOING?

The current regulations and strict oversight provided by the USDA NOP and NSF/ANSI 305 assure consumers and retailers that the certified product is genuinely organic. NOP certification can cover personal care products utilizing food-grade organic ingredients and processes. NSF/ANSI 305 certification covers personal care products that contain 70 percent organic ingredients and processes and allows for the use of chemical processes inherent in the production of effective personal care products. Each provides a transparent claim for trustworthy products and serves to enhance consumer and retailer confidence in organic personal care claims.

It’s predicted the pursuit of natural beauty will actually drive environmental good in a future marketplace with more organic personal care products on the shelf in both the U.S. and EU.



3 Cited by Maryellen Molyneaux, Consumer Insights Into Green Personal Care Products, Sustainable Cosmetics Summit, May 18, 2012.

4 Environmental Health News, 2010 President’s Cancer Panel: “Environmentally caused cancers are ‘grossly underestimated’ and ‘needlessly devastate American lives.’” May 6, 2010.

5 NFM 2012 Market Overview

6 Independent survey conducted on behalf of NSF International, 2012.

7 Independent survey conducted on behalf of NSF International, 2012.

Milestones in U.S. Organic Certification:

- 1990** Organic Foods Production Act (OFPA) passed by Congress.
- 2002** OFPA becomes federal law and the USDA National Organic Program is born. Personal care products making organic claims must comply with food-grade standards.
- 2003** California Dept. of Public Health introduces California Organic Products Act requiring organic products, including personal care, to contain at least 70 percent organic ingredients.
- 2004** NSF International, an independent public health organization, begins development of an organic personal care standard, NSF/ANSI 305.
- 2008** FDA and USDA deny authority over labeling of organic personal care products. USDA addresses only products made from “agricultural ingredients.”
- 2009** NSF/ANSI 305 officially published.
- 2010** First three products are certified to NSF/ANSI 305. Agreement between QAI and NATRUE streamlines personal care certification between U.S. and Europe.
- Whole Foods Market announces all personal care products and cosmetics making organic claims must be third-party certified to the NOP standard or NSF/ANSI 305 by June 1, 2011, to be sold in its U.S. stores.
- National Cooperative Grocers Association (NCGA) alerts its 134 retail coops that by June 2011, it will only promote personal care brands and items that comply with USDA NOP standards for products that are “USDA organic” and “made with organic ingredients” and NSF/ANSI 305 for products that “contain organic ingredients.”
- 2011** All U.S. Whole Foods Market stores enact requirement for personal care and cosmetics products to be certified and NCGA member stores promote only certified organic personal care brands and items.
- 2012** More than 250 products are QAI certified to NSF/ANSI 305 to date.

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