

# BETTER BEAUTY FOR A BETTER WORLD

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The 2019 Social Mission Report

BEAUTYCOUNTER®

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Chapter 1

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# WHO WE ARE

One by one, we are leading a movement to a future where all beauty is clean beauty.

We are powered by people, and our collective mission is to get safer products into the hands of everyone. Formulate, advocate, and educate—that's our motto for creating products that truly perform while holding ourselves to unparalleled standards of safety. Why? It's really this simple: beauty should be good for you.

# We're a Certified B Corp

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In case you were wondering, the B in B Corporation stands for Benefit, and it means that, unlike the traditional corporate structure, we consider people, the planet, and profits. We use the power of business to help solve social and environmental problems. Becoming a Certified B Corp is a difficult accomplishment, and we committed to the journey from the very beginning.

To be certified as a B Corp, a brand must meet high standards of social and environmental performance, accountability, and transparency. We are pleased to participate in this growing community of more than 2,600 organizations from 50 countries and over 150 industries working together toward one unifying goal: to redefine success in business.

We became a B Corp back in 2013, and have completed the B Impact Assessment (BIA) for each cycle since then. The BIA is a rigorous self-assessment tool that allows us to measure and monitor our brand values. From our work around safety, sustainability, and advocacy, we have high internal expectations for ourselves.

Two years ago, we received a score of 95, our highest BIA score yet. We're looking forward to going through the assessment again in 2020. In the meantime, we're focusing on ways to improve our score as we build out our supplier engagement, employee well-being, and transparency policies and practices.



# A Message from Gregg

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Earth Day is always a big moment at Beautycounter. It's when we reflect on our environmental achievements from the past year and renew our focus for the future.

When it comes to creating clean beauty, we have high standards. We believe that everything we do should encompass safety, sustainability, advocacy, and giving, which we call our Social Mission. Through this lens, we ensure the high performance of our products while also taking care of our planet (it's the B-Corp way).

In 2018, we made a lot of progress defining our Social Mission. Our Sustainability Program is now laser-focused on responsible sourcing, packaging, and industry leadership.

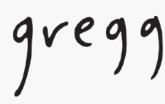
Throughout the year, we advocated to update our wildly outdated cosmetics laws with some promising outcomes, like the passing of the California Safer Salon Bill, which requires manufacturers to list ingredients on their professional salon product labels,

and the Safer Sunscreen Bill in Hawaii, which bans the sale of sunscreens containing harmful oxybenzone and octinoxate.

We also expanded our cutting-edge research initiatives with leading academic institutions and business coalitions to find safer ingredients for our future products.

So, what will 2019 hold? We're committed to focusing on our brand pillars: educating our communities, advocating for safer beauty laws, and of course, perfecting our clean, effective products.

It is with great pleasure that I present this year's Social Mission report.

  
OUR FOUNDER AND CEO

# THIS IS GOOD BUSINESS

When it comes to personal-care products, we all deserve better. And we're doing something about it.



*Our formulas  
are different.  
This is how:*

Every ingredient used in the formulation of our products is screened and assessed against 23 safety endpoints including carcinogenicity, mutagenicity, and reproductive and dermal sensitivities.



## We're cleaning up NYC



**Our flagship store opened  
in the Big Apple at 51 Prince  
Street in Nolita.**

It's a clean beauty haven where customers can sample and purchase our safer products, as well as contact their local senator to lend their voices in support of better beauty laws.

# \$2.4 MILLION

OUR CASH AND PRODUCT  
DONATIONS MADE TO DATE TO  
ORGANIZATIONS WE SUPPORT.

## OUR CLEAN PROMISE

# 1,500+

questionable ingredients are never used in our formulations.

## OUR FOOTPRINT

### BY THE NUMBERS

We offset 3,628 metric tons of CO<sub>2</sub> to match 100% of our 2018 HQ consumption.

We planted the equivalent of 4,270 acres of trees to offset carbon usage.

1,284 Water Restorative Certificates purchased to offset 120% of our 2018 water usage.

## FORMULATE, EDUCATE, & ADVOCATE

That's our motto for creating products that truly perform while holding ourselves to unparalleled standards of safety.



## PRETTY IS POWERFUL

We made some great strides in 2018 towards #betterbeauty. Here are a few highlights:

### 1 U.N. GLOBAL COMPACT

We became a signatory, furthering our commitment to using business as a force for good.

### 2 RESPONSIBLE SOURCING

We doubled down on our commitment to responsible sourcing and launched a new strategy, requiring 100% of our suppliers to adhere to our industry-leading standards.

### 3 SOCIAL MISSION TASK FORCE

We launched a cross-departmental working group to collaborate within our office on all things social mission.

### 4 B CORPORATION SCORE

We received a new and improved score of 95, which means we consider the people *and* the planet when creating our products.

Since we launched in 2013, we have collectively sent over 135,000 emails, made over 10,000 calls, and held over 1,250 meetings with lawmakers—all in the name of better beauty.

## Lipstick Meets Legacy

1,500 Beautycounter Consultants held meetings across North America and on Capitol Hill in March to advocate for safer beauty laws in support of the Personal Care Products Safety Act.

We proudly supported the passing of the California Safer Salon Bill, which requires manufacturers to list ingredients on their professional salon product labels, and the Safer Sunscreen Bill in Hawaii, which bans the sale of any sunscreens containing harmful oxybenzone and octinoxate.

During our Call to Action campaign, 1,300 direct phone calls were made, urging Congress to pass safer beauty laws.



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Chapter 2

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# CHAMPIONS OF CHANGE

## OUR ADVOCACY EFFORTS

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At Beautycounter, changing the beauty industry means more than simply making safer products. To fulfill our mission of getting safer products into the hands of everyone, we advocate for reforms to the outdated regulations governing the beauty industry, which has been a pillar of our business from day one.

# Advocacy on the Federal Level

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Over the past six years, Beautycounter has created the cultural climate that laid the foundations for current political action. Our work on Capitol Hill encourages bipartisan consensus on the need for stronger personal-care product laws, and we work with lawmakers on both sides of the aisle to ensure issues like ingredient review, labeling, and recalls for products that cause harm to consumers are addressed.

Every year, Beautycounter Consultants across North America also host hundreds of District Meetings with Members of Congress and their staff, advocating for updates to laws governing personal-care products.

In March 2018, we celebrated our five-year anniversary by bringing 100 Consultants from all 50 states to lobby on Capitol Hill in Washington, D.C.

Our collective voices are making a difference. More than 1,000 meetings, 10,000 calls, and 100,000 emails later, more lawmakers than ever are placing changing our outdated cosmetic laws at the top of their legislative agendas.

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More than  
**1,250**  
meetings with lawmakers  
to urge for more health-  
protective laws.

In March 2018,  
**50**  
states were represented  
to lobby on Capitol Hill  
in Washington, D.C.

More than  
**135k**  
phone calls and emails  
sent by Constituents to  
their elected officials.

# Advocacy on the State Level

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States have led the way in passing forward-thinking cosmetic reform legislation that benefit consumer health. Beautycounter has played critical roles in protecting children, workers, and the public in states like Oregon, Hawaii, Washington, and California. By lending our business voice and the support of Consultants and Clients across the country, we've raised the profile of personal-care product legislation, pushing it across the finish line. Looking ahead, we anticipate state action in the areas of labeling and fragrance disclosure.

## STATE BILLS WE'VE BEEN PROUD TO SUPPORT

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Oregon Toxic-Free Kids Act

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**Passed:**  
July 2015



Hawaii Safer Sunscreen Bill

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**Passed:**  
July 2018



California Safer Salon Bill

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**Passed:**  
September 2018

**CALL TO ACTION—U.S.**

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Text BETTERBEAUTY to 52886  
to urge Congress to pass more  
health-protective personal-care laws.

# Advocacy in Canada

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Since Beautycounter's expansion into Canada in 2016, we have been a company that is leading the way in engagement with Members of Parliament (MPs), advocating for reform of the Canadian Environmental Protection Act (CEPA). Our grassroots network of Consultants has hosted hundreds of District Meetings with MPs to elevate issues like codifying the list of prohibited ingredients, prohibiting phthalates from being used in cosmetics, and closing the fragrance loophole. Beautycounter will continue to advocate for laws that put consumers first, and we look forward to partnering with Parliament to realize our mission of getting safer products into the hands of everyone across North America.

*“Our grassroots network of Consultants has hosted hundreds of District Meetings with MPs”*

**CALL TO ACTION—CANADA**

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Text BETTERBEAUTY to 70734  
to urge Parliament to pass more  
health-protective personal-care laws

# Partners in Clean Beauty

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## BETTER TOGETHER

We are proud to be the leading company advocating for more health-protective legislation across North America. But we know that in order to win meaningful policy reform, we need like-minded businesses to join our efforts.

## COUNTERACT COALITION

In 2017, Beautycounter founded the Counteract Coalition, a collective of 20 safer skin-care and beauty companies that want more health-protective laws. The coalition provides an opportunity for us to lock arms, amplify our work, and effect meaningful change.

Our goal is to unify our message to Congress so that we can represent the fastest growing segment of the beauty industry: companies formulating with safer ingredients. The coalition of allied businesses is activated at key moments of time, with actions including joint sign-on letters to key Congressional committees, coordinated phone calls to Hill offices, and trips to Washington, D.C.

## SUSTAINABLE CHEMISTRY ALLIANCE

We are also a founding member of the Sustainable Chemistry Alliance (Alliance). Spanning sectors such as consumer goods, transportation, and technology, members of the Alliance advocate for green chemistry legislation in Washington, D.C., protecting both consumers and the environment.

We are thrilled to stand alongside leaders in the clean beauty industry who operate at the intersection of ingredient safety and product performance.

# Clean Beauty Milestones

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NOVEMBER 2014

Beautycounter makes first trip to D.C. to advocate for better beauty laws.

NOVEMBER 2015

First congressional briefing is hosted on how reform can protect people and build the economy.

MAY 2016

100 Consultants join Beautycounter on Capitol Hill to advocate for better beauty laws.

DECEMBER 2017

Comments are submitted to the Canadian government, urging for the restriction of phthalate use in personal-care products.

JULY 2015

The Toxic Free Kids Act is passed in Oregon, protecting children from 66 of the most harmful chemicals in toys, clothing, and personal-care products.

MARCH 2016

Hundreds of Consultants are educated and trained on how to meet with Members of Congress in their respective hometowns to advocate for safer beauty.

SEPTEMBER 2017

Following Beautycounter's engagement on cosmetic reform with key members of the Senate, the Health, Education, Labor and Pensions (HELP) Committee holds the first hearing on cosmetic safety since 1974.

# Clean Beauty Milestones

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JANUARY 2018

U.K. bans microbeads in cosmetics and personal-care products. Microbeads are known to not only pollute waterways, but are commonly ingested by marine life, which introduces toxic substances into the food chain.

JUNE 2018

Letter of support is sent to Hawaii Governor David Ige for The Safer Sunscreen Bill (AB 2775), which prohibits the sale of sunscreen containing the ingredients oxybenzone and octinoxate in Hawaii. AB 2775 is signed by Governor Ige in July.

AUGUST 2018

Passage of the Safer Salon Bill in California, requiring manufacturers to list ingredients on the labels of professional salon products.

MARCH 2018

100 Consultants from across the U.S. join Beautycounter on Capitol Hill to ask Members of Congress to support the Personal Care Products Safety Act, a bipartisan bill co-sponsored by Senators Feinstein (D-CA) and Collins (R-ME).

1,500 Consultants hold meetings across North America to advocate for safer beauty laws.

Beautycounter hosts the Call to Action campaign, urging Congress to pass safer beauty laws. 1,300 calls were made.

JULY 2018

Congressional briefing is held in Washington, D.C. on Disparate Impacts of Harmful Ingredients in Personal Care Products for Women of Color.

SEPTEMBER 2018

Hosted #BeVotes campaign, urging better beauty supporters to take a non-partisan pledge to vote in the midterm elections.

Joined the #TimeToVote campaign, in which 350 companies proudly stood to close up shop on November 6 to allow all employees to vote in the midterm elections.

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Chapter 3

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# STANDING UP FOR SUSTAINABILITY

# A Transparent Approach

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In working to maintain our position as the leader in cleaner, safer beauty, we look to both external benchmarks as well as internal stakeholders who confront the challenges of making safer products, day in and day out. Both are critical to our success and provide our company with the road map to meet the challenges of tomorrow.

We are using 2019 as an opportunity to reprioritize sustainability and are focused on three goals: responsible sourcing, sustainable packaging, and evolving as the leader in sustainably creating and shipping our cleaner, safer products. As we continue to grow, we are committed to leveraging our relationships with both suppliers and consumers to realize our vision of a world where all beauty is clean beauty.

## WHAT INSPIRES US?

We use different frameworks and research to encourage us to think from many perspectives about our brand's impact. The following are a few of the leading academic, economic, and scientific resources that we use to inform our strategy.

### *World Economic Forum*

The World Economic Forum (WEF) is a non-profit organization that brings together leaders from business, government, and academia to shape global, regional, and industry policy. Every year, WEF identifies and analyzes the most pressing risks facing society. *We consider those risks and their evolution over time while developing our sustainability goals and strategy.*

### *United Nations Sustainable Development Goals*

The Sustainable Development Goals (SDGs) are 17 global goals set by the United Nations General Assembly in 2015, calling for action to address poverty, justice, and the environment. They have become a North Star for businesses striving to align their strategies with a more sustainable, equitable future. *We're currently in the process of honing our long-term strategy to support these goals.*

### *Science Based Targets Initiative*

The Science Based Targets (SBT) initiative is a partnership between leading non-profit and intergovernmental organizations which helps businesses determine how much they must decrease their emissions to remain competitive in a low-carbon economy. In addition to leveraging a science-based approach to target setting, we also consider the best practices developed by the initiative in developing emissions targets for our facilities and our supply chain. *In 2019, we are finishing a comprehensive study of our GHG emissions and setting targets, moving forward.*

### *B Corp Standards*

A critical part of being a B Corp is continuous improvement, so we use the triennial Impact Assessment and other B Corp resources to identify needs around indicators like diversity and inclusion, supplier engagement, and economic inclusion.

# What Matters Most

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## OUR PROCESS

At Beautycounter, we want to give Consultants and Clients trust and peace of mind. That's why we have always been transparent in sharing what goes into our products (as well as what doesn't). As we continue to grow, we will keep you updated on the risks and opportunities that face the personal-care industry, particularly those that pertain to the sustainability of the ingredients and materials we source for our products in a changing world.

In working to maintain our position as the leader in cleaner, safer beauty, we look to both external benchmarks—such as the United Nations Sustainable Development goals—as well as internal stakeholders who confront the challenges of making safer products, day in and day out. Both are critical to our success and provide Beautycounter with a road map to meet the demands of tomorrow. We believe that some of the largest challenges are the lack of supply train transparency and climate-related disasters.

## MATERIALITY

Materiality is a process to help companies understand what sustainability efforts are most important to them. Conducting a third-party materiality assessment allows an organization to prioritize these sustainability efforts so that it can align its strategy and operations with those issues. Here is how we went about our process:

### *First step*

We identified potential material sustainability issues for the business, and developed indicator questions for each issue alongside our third-party partner, Quantis.

### *Second step*

We mapped internal and external stakeholders, and selected stakeholders from each group to include in the materiality survey. The materiality survey gauged how important each indicator was to each respondent. A smaller subset of the survey respondents was selected for hour-long interviews to gain deeper insight into their survey responses and provide anecdotal examples.

### *Third step*

Quantis distributed the survey to the selected stakeholders and conducted interviews with the most critical individuals. Once the survey data was collected, Quantis mapped the survey responses to develop Beautycounter's materiality matrix.

### *Fourth step*

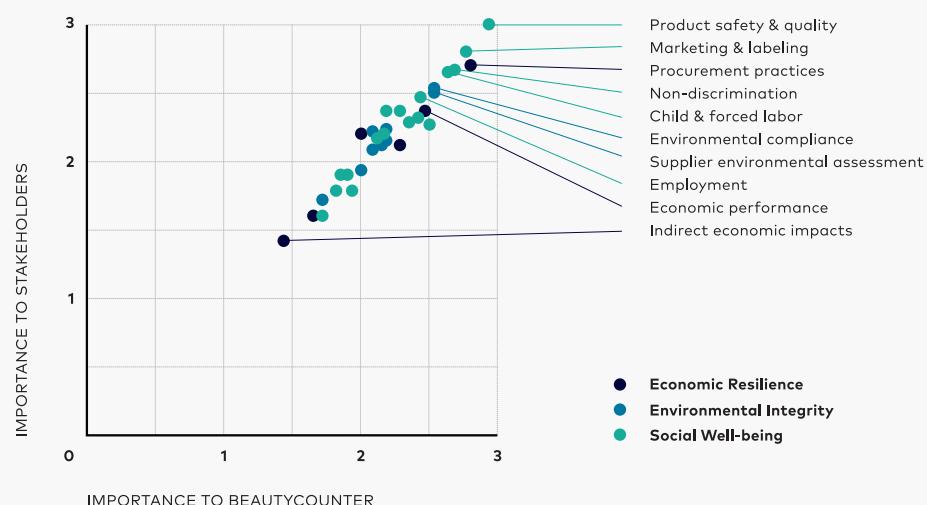
With the help of Quantis, we categorized and prioritized issues based on survey responses, and connected the most important issues with market and context-specific risks and opportunities. We integrated each priority issue, risk, and opportunity into our 2025 strategy, which charts our Social Mission aspirations for the next six years as Beautycounter continues to grow.

# What Matters Most

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Some of the takeaways from the materiality assessment weren't surprising. For example, product safety, quality, and marketing and labeling received some of the highest scores of any indicators, based on the surveys completed.

Other high-scoring indicators included procurement practices, non-discrimination, economic performance, and child, forced, and compulsory labor. Although all the issues included in the assessment are critical to our business, it's how we choose to prioritize these issues and align them with actionable strategies, which determines how we will be able to shift markets, make better products, and have a positive impact.



# Responsible Sourcing

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Responsible sourcing is one of the steps of Beautycounter's Ingredient Selection Process and one of our top priorities in 2019. While the majority of Beautycounter's products are manufactured in the U.S., our raw ingredients are sourced from all over the world. As we have grown, we have been careful to track the origins of these ingredients so we may continue to move towards full supply chain transparency.

## IT STARTS WITH THE SOURCE

How ingredients are farmed or harvested matters to us, and we believe that organic farming is the better practice for agricultural products. However, many of the ingredients we need for our formulas are not available, as certified organic or market availability does not allow us to use exclusively organic versions. In these cases, we prioritize our organic sourcing based on potential trace contamination, growing practices, quantities used in our products, and the reliability of supply.

Our use of palm oil derivatives is another example where we approach sourcing thoughtfully. We do not use palm oil in our products, but we do use palm oil derivatives (ingredients that use palm oil for their creation). While palm oil is the most commonly used vegetable oil in the world, it is produced on plantations which can involve highly unsustainable practices that contribute to greenhouse gas emissions, habitat destruction, and mistreatment of workers. As such, our goal is to source only palm derivatives that are certified by the Roundtable on Sustainable Palm Oil (RSPO).

As a leader in the safer skin care and cleaner cosmetics category, we are committed to moving the industry forward, not only in our formulations but in the way ingredients are chosen and sourced.

Looking into 2019 and beyond, we are focusing our strategy on the following: human rights, mica, and palm derivatives.

## PUTTING PEOPLE FIRST

As our company continues to grow, we continue to work diligently with those business partners who are committed to responsible sourcing—especially as it relates to forced labor, child labor, and trafficking within our supply chain. Transparency and ethical supply chain sourcing are integral parts of how we operate, not only because it is the right thing to do, but because our educated consumers demand it.

We expect our partners to comply with local and international laws designed to protect people from unjust working conditions, including forced, child, and slave labor. As such, we use the California Transparency in Supply Chain Act as our guiding light.

We have always been a company focused on progress, and we will continue to work with our suppliers and manufacturing partners to do right by the many hands that harvest and produce the ingredients that eventually become our cleaner and safer products.

# Behind the Ingredient: *Mica*

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Meet mica—an ingredient you might not know a lot about, but likely has a home in some of your beauty products, car, and home paint. You can thank mica for creating a base for beauty products and giving your products an incredible shine, but it's also part of a complex sourcing world.

India and China are two of the largest producers of mica, with complex supply chains that often use children as miners. The regions that produce mica are also home to high levels of social and economic inequality. With many middlemen between the mines and the raw material supplier, it unfortunately makes it difficult for the entire industry to trace the exact origin of this ingredient.

Beautycounter strongly prefers that our manufacturing partners source mica and mica blends from United States miners who have full visibility into their supply chain. We have a dedicated team working on the ground to identify solutions for the industry.

In the rare instance where domestically sourced mica does not meet our performance standards, we ask that manufacturing partners reference and use our Preferred List of Mica Suppliers, who have been approved by the Beautycounter team. We believe beauty should be good for you, but we also believe it should be good for all.



*A member of our team on a recent traceability trip with one of our mica suppliers.*

# Behind the Ingredient: *Palm Derivatives*

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As a leader in the safer skin-care and cleaner cosmetics category, our mission to get safer products into the hands of everyone means that we are committed to moving the industry forward, not only in our formulations but in the way ingredients are chosen and sourced.

Palm oil is the most commonly used vegetable oil in the world, and it is frequently used in the cosmetics industry. It is produced on plantations, which can involve highly unsustainable practices that contribute to greenhouse gas emissions, habitat destruction, and mistreatment of workers.

When we set out to make our products, we wanted to avoid palm oil for the reasons outlined above, but we discovered that currently, responsibly sourced palm oil derivatives are the best alternatives for our products.

Our goal is to source palm-derived ingredients that are certified by the Roundtable on Sustainable Palm Oil (RSPO). We believe the best solution is to urge the palm oil industry to utilize more sustainable practices through the recently strengthened RSPO program. In the coming year, we will share our progress and our longer-term goals and targets around this vital commodity.

For suppliers, achieving certification is time intensive, and they may claim their products are RSPO certified only after they have completed the member application process. Beautycounter is working with our suppliers to prioritize RSPO certification.

*Our Product Development team is partnering with our suppliers to find sustainable palm sources and alternatives. In the next year, we're going to be publishing clear, data-driven goals on our progress to date, and our long-term strategy for sustainable formulas.*

# Our Organic Story

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Beautycounter believes that organic farming is the better practice for agricultural products. However, many of the ingredients we need for our formulas are not available as certified organic, or price and market availability do not allow us to use only organic versions.

We prioritize our organic sourcing based on: potential trace contamination in the final ingredients, the level of concern associated with growing practices, quantities used in our products, and reliability of supply.

To keep pesticides out of Beautycounter products, our goal is to increase our certified organic content as these organic ingredients are used in higher volumes than many other ingredients in our formulas.

We also seek to use Global Organic Textile Standard (GOTS) certified materials, which is a stringent organic labeling standard for cotton materials. GOTS certification prohibits the use of toxic heavy metals, formaldehyde, and genetically modified products in the processing and manufacturing process. In addition, printing methods using phthalates and PVC are prohibited from our products. We aim to choose responsibly sourced products for bags, t-shirts, and other non-beauty related merchandise.

Our team is excited to learn much more about regenerative agriculture and its connection with soil health, animal welfare, and social justice, which we believe are all required for thriving ecosystems and thus, for the best quality products.

# What to Know About Non-GMO

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Genetically Modified Organisms (GMOs) are plants that have been genetically altered. Effects of long-term exposure to GMOs are largely understudied and unknown, but they often require higher pesticide or herbicide use than non-modified plants. We give preference to non-GMO ingredients whenever we can.

We also work to obtain statements from suppliers of the ingredients most likely to come from genetically modified soy or corn.

When formulating safer beauty products, sometimes we are faced with a choice between known harmful ingredients or a safer alternative that may come from a genetically modified source. Given that our company's priority is always ingredient safety, in these rare instances we will choose an ingredient that may have been genetically altered. It is not ideal, but we hope this will change as the industry continues to grow.



# Our Environmental Impacts

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At Beautycounter, we not only consider what goes into our formulations, but also how our products are made and how they reach your home. Each year, we offset select carbon usage such as our corporate headquarters emissions (Scope 1) and our water usage. This fall, we will have a handle on our Scope 2 and 3 emissions. Scope 2 and 3 refers to the “indirect” Greenhouse Gas Emissions (GHG) that are produced in our supply chain. Later this year, we will be announcing our GHG reduction goals.



## CARBON FUND

In partnership with the non-profit Carbon Fund, we purchased offsets equivalent to 3,628 metric tons of CO<sub>2</sub> emissions to match 100% of our 2018 office energy use, employee commutes, major events, business travel, and shipping.

A carbon offset is a credit for greenhouse gas reductions that can “offset” the emissions created by a business or individual. Those credits fund projects which sequester carbon from the atmosphere. An example of a carbon offset project is a reforestation effort that absorbs CO<sub>2</sub> from the atmosphere, improves local soil health, and provides habitat for plants and animals. Carbon offsets like the ones we purchase support small- and medium-scale reforestation projects throughout the U.S. In order to maximize the positive impact of our offsets, Carbon Fund pools them with those of other customers to support larger projects than we would be able to support through our purchase

alone. As of 2017, projects supported by the Carbon Fund had reduced over 2.95 million metric tons of CO<sub>2</sub> emissions.

It's difficult to visualize the significance of a metric ton of CO<sub>2</sub>, so here's a helpful number to keep in mind: one metric ton of carbon is sequestered by 1.2 acres of U.S. forests in one year. That means that in 2018, Beautycounter was able to offset the equivalent to the carbon sequestered by roughly 4,270 acres of U.S. forests in the same amount of time!



## WATER CONSERVATION

Beautycounter partnered with a leading water restoration organization, the Bonneville Environmental Foundation (BEF), to work on offsetting our water footprint. We purchased 1,284 Water Restoration Certificates, thereby offsetting 120% of our 2018 office water usage. In doing so, we restored nearly 1,284,000 gallons of water to critically dewatered streams.

This year, we chose for our Water Restorative Credits to support the Sacramento River Wetland Enhancement project. Implemented in collaboration with The Nature Conservancy and local rice farmers, this project restores and protects water flow through California's Central Valley wetland areas. Healthy wetlands are critical to ecosystem function, bird migration, soil health, and agricultural production.

# Sustainable Packaging Initiative

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Beautycounter is not only proud of the safety of our products, but we dig deep into the life cycle of the packaging we use. We carefully examine each component of our packaging for its environmental impact, and have made significant strides in meeting sustainable goals like using recycled materials and reducing packaging content.

For example, this January, we launched our Packaging Scorecard, an interactive tool that helps guide decision-making around packaging development. The tool incorporates indicators for energy use, water use, recoverability, emissions potential, supplier quality, and several other critical impacts. Over time, we will refine these metrics and the weights assigned to them to maximize our ability to develop sustainable packaging.

As we look ahead, the recyclability of our products and refillable packaging are issues that we aim to tackle in the coming years.

| BEAUTYCOUNTER PACKAGING SUSTAINABILITY SCORECARD |   |  |
|--|---|--|
| PACKAGING SYSTEM SPECIFICATIONS (USER INPUT)     |   |  |
| COMPONENT  | MATERIAL  | ABBREVIATION   |
| Bottle   | <input checked="" type="checkbox"/> Glass                     | <input checked="" type="checkbox"/> GL                       |
| TRANSPORTATION                                   | COATINGS & FINISHES   | ORIGIN   |
| Truck (Conventional)                             | <input checked="" type="checkbox"/> Vacuum Metallization (Al) | <input checked="" type="checkbox"/> North America (CAN, MEX) |
| SUPPLIER   |   |  |
| Supplier 1                                       |   | <input checked="" type="checkbox"/>                          |
| SUSTAINABILITY SCORES (AUTO FILLED)              |   |  |
| RECOVERABILITY                                   | RECYCLABILITY   | TOXICITY   |
| Test 6   | Good  | Good   |
| Score (10) = 10                                  |   | Score (12) = 12  |
| WATER (INTENSITY)                                | ENERGY (INTENSITY)  | GHG EMISSIONS (INTENSITY)                                    |
| Test 6   | Data Gap  | Data Gap   |
| Score (10) = 10                                  | Score (8) = 0   | Score (10) = 0   |
| WASTE  | INNOVATION  | SUPPLIER   |
| Test 2   | Test 6  | Data Gap   |
| Score (8) = 0                                    | Score (10) = 10   | Score (5) = 0  |
| TRANSPORTATION                                   | COATINGS & FINISHES   | ORIGIN   |
| Score (10) = 2.5                                 | Score (5) = 0   | Score (12) = 6   |
| PACKAGING SUSTAINABILITY SCORE                   |   | RSL STATUS   |
| 50.5 (100 possible)                              |   | Allowed  |

# Packaging Innovation

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## **GOAL: REFILLABLES**

While Beautycounter aims to ensure that our packaging choices are recyclable, we are also aware that one of the biggest issues facing the beauty industry is the low recovery rate of small boxes and packaging such as lipsticks and eyeshadow products. That is why we are reimagining how consumers could interact with their products through the use of refillable packaging for certain products. Instead of having to dispose of dozens of bottles, tubes, jars, and compacts each year, consumers would know that the packaging they receive upfront is of higher quality and more environmentally sustainable, while being able to purchase refills that ensure the freshness of the product. We're continuing to explore refillable packaging designs that would work best in our product line.

In addition, product refills will be lighter, making shipping more efficient with fewer carbon emissions. As we move towards more sustainable beauty, the incorporation of refillables will give Clients the opportunity to incorporate products into their daily routine that are industry leaders in the reduction of waste and plastics pollution.

# Packaging Innovation

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## PAPER BOXES

Much of our paper packaging is Forest Stewardship Council (FSC) certified. The FSC sets the gold standard for forest-sourced products and independently certifies that these standards have been met. FSC certification gives customers the option to choose products like paper and wood that have been sourced in an environmentally sound, socially responsible, and economically viable manner. We are proud to source only FSC-certified paper packaging.

But it's easy to forget that there's something better than responsibly sourced paper: no paper at all! In 2019, we're working across teams to phase out unit cartons wherever it's possible without jeopardizing formula safety and product quality.

## GLASS BOTTLES

Glass is one of the safest packaging materials on the market and is easily recycled in many cities. We are proud to use glass bottles for many of our products, including our face and body oils. Beautycounter is putting more of our products in glass packaging, starting in late summer 2019. This transition will form the foundation for a continuous evolution toward wider recyclability, greater reusability, and more purposeful design.

Stay tuned for additional updates.



# Re-Thinking Shipping

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At Beautycounter, we not only look towards more sustainable ingredients and packaging, but also the way that our products get to homes across the country, both in the U.S. and Canada. As our company has grown, our order volumes have similarly expanded. That's why in 2018, we decided to overhaul our shipping box options. In considering our environmental impacts, we asked ourselves: how can we make shipping more efficient while never compromising on our promise that our products reach their destination in the same condition in which they were shipped. To optimize efficiency and decrease the amount of cardboard and dunnage (i.e., the paper packing material in each box to protect products) we use, we decided to add new box sizes for orders containing just one or two smaller items. This change decreased our averaging shipping box volume by more than 74 percent. In addition, by redesigning our shipping boxes, we also decreased our cardboard use by nearly 9 percent.

By expanding the variety of dimensions of our boxes, we are not only able to include more boxes per shipment, reducing our carbon footprint, but we are also able to use fewer paper products overall.

# Life Cycle Assessments

Beautycounter uses a Life Cycle Assessment (LCA) tool called Compass (Comparative Packaging Assessment) to calculate the cradle-to-grave impact of the majority of our packaging materials.

Compass provides data on packaging scenarios that help inform sustainable package decisions and lessen the company's environmental footprint.

They account for the following processes:

1. Extraction and processing of raw materials
2. Manufacturing
3. Transportation and distribution
4. Use (and reuse)
5. End of life

The metrics that are used for assessment include:

- Fossil fuel consumption
- Water consumption
- Biotic resource consumption
- Mineral consumption
- GHG emission
- Clean production: human impacts
- Clean production: aquatic toxicity
- Eutrophication

The information provided is based on industry standards and practices. The tool can be used to evaluate design alternatives, calculate total environmental impacts, and make better packaging decisions.

LCAs allow us to compare packaging choices and consider a wide range of factors including material safety, recyclability, and carbon footprint. For example, Beautycounter uses LCAs to help us understand the trade-offs between using glass and using other materials. We know that glass is a preferred material because it is not made with toxic ingredients and is easy to recycle. However, shipping and producing glass results in carbon emissions. By utilizing LCAs, we can compare the overall carbon footprint of different packaging options before making key decisions. Further, we can assess the global environmental impacts of different types of packaging, including water and energy consumption, greenhouse gas emissions, and water toxicity.



LCA Score Card

# HQ Sustainability

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We know that it starts at home, so our offices are constantly evolving to help reduce energy, water, and waste impacts. We think strategically about our environmental footprints not only in the production and distribution of our products, but closer to home as well. With a move to our new corporate headquarters in Santa Monica last year, we are continuing the eco-friendly initiatives we have engaged in since day one, such as purchasing non-toxic cleaners and purchasing flame retardant-free furniture. This type of furniture is important to protect the health of our employees and visitors from the endocrine-disruptive and neurotoxic effects of flame retardant chemicals used to treat furniture.

In addition, we carefully considered the design elements of our new office. For example, low VOC paint and carpet adhesives were used and our carpet tiles are made from natural sisal fibers. We also eliminated acrylic desk dividers, using glass instead. Knowing that reducing our energy consumption was a priority, intelligent lighting with motion sensors was installed so that lights are automatically turned off during periods of inactivity.

Further, to reduce our impact on the environment, we place recycling bins throughout the office and compost-specific receptacles in our kitchens. We're getting ready to scale up these efforts to further walk the talk in our office. Another awesome perk of being on our team: Beautycounter also encourages employees to take public transportation where available by providing monthly public transportation stipends.



# U.N. Global Compact

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In January, Beautycounter teamed up with one of the world's most rigorous, credible organizations by becoming a signatory to the United Nations Global Compact. This means we're joining an alliance that encourages businesses and other organizations to advance the broader goals of sustainability and social responsibility. As a signatory, Beautycounter will work to align our strategy and operations with ten fundamental principles around human rights, labor, environment, and anti-corruption. We look forward to engaging with the Global Compact and our fellow members this year, as we continue on our journey toward full transparency.



*And, while we're on the topic of global climate action, #WereStillIn. We joined the bipartisan network of mayors, governors, and business leaders of We're Still In who "promise to world leaders that Americans would not retreat from the global pact to reduce emissions and stem the causes of climate change." Every day, we work to further assess and align our goals to support planetary boundaries and support our Planet Earth.*

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Chapter 4

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# BEAUTY COMES CLEAN

## OUR CLEAN PROMISE

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Over 1,500 questionable ingredients  
are never used in our formulas.

Beautycounter created an Ingredient Selection Process to ensure that our customers feel confident in the safety of our products. Developing it was not simple. But understanding it is.

# Ingredient Selection Process

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## 1. BAN INTENTIONALLY

The Never List™ is made up of approximately 1,500 harmful or questionable ingredients we prohibit from our product formulations, including the nearly 1,400 ingredients banned in the European Union.

### *Clean, Safe, Natural—What Does it All Mean?*

If you're the average person, the words "clean," "safe," and "natural" can seem like a reasonable bet that the product you're holding is good for you. But is that really the case?

### *Natural vs. Synthetic Explained.*

"Natural" refers to the source of the ingredient, meaning it was produced by nature or with minimal physical processing. Synthetic ingredients, on the other hand, are produced in a lab.

Some brands restrict their formulations to natural ingredients, such as plant-based color pigments and essential oils. Most natural ingredients are, in fact, safer but here's the key: the fact that an ingredient is natural does not guarantee its safety. Poison ivy, for example, is a naturally occurring plant but we would never use it in our products!

On the other hand, while synthetic ingredients have been shown to have real health risks based on multiple research studies, the fact that an ingredient is synthetic doesn't necessarily mean it's unsafe. Silicone dimethicone, for example, is a large molecule that sits on the skin or hair, and research indicates that its use in cosmetics poses little to no potential harm to human health.

### *Evaluating Safety*

Instead of choosing ingredients based on whether they are "natural," we ask: does the ingredient have the potential to impact our health or the environment? To do this, we screen and assess every ingredient we use against our 23 health and safety endpoints like irritation and carcinogenicity.

Most companies start and stop with acute reactions (i.e., does the product irritate skin?), but we take the concept of safety much further. We research what is known about each and every ingredient, recommended use levels, routes of exposure, and potential long-term and cumulative health effects.

Only after this comprehensive review do we then decide whether or not an ingredient—natural or synthetic—is approved for use in our products.

## 2. SCREEN RIGOROUSLY

Using the best available sources, we screen and assess every potential ingredient for information on specific health concerns like cancer, hormone disruption, and irritation.

### *What's the Difference Between Screening and Testing?*

We have developed our own screening and testing protocol to help us make safer products. There are important differences between screening and testing. We screen every potential ingredient for safety, utilizing the latest scientific research.

# Ingredient Selection Process

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We test raw materials and finished products on a case-by-case basis for common contaminants.

## *Ingredient Screening*

Our five-step Ingredient Selection Process is also applied to all of the ingredients used in our formulations, including screening and assessing every ingredient against our 23 health and safety endpoints and looking for scientific information on specific health and environmental hazards. Additionally, we look for restrictions that need to be considered with particular ingredients, such as preservatives that need to be used safely at a specific concentration.

## *Ingredient Testing*

Some ingredients that pass our stringent screening process require a deeper look because they are important to the function and safety of our formulations, but there are data gaps that exist for some biological effects such as hormone disruption. We take things a step further and partner with leading universities to conduct non-animal tests on ingredients with data gaps.

## *Testing Raw Ingredients and Finished Goods*

Our commitment to our Clients extends beyond using ingredients that have been rigorously screened for safety. We are equally committed to testing finished products for common contaminants (like parabens) and heavy metals (like lead). For example, we test for skin irritation, ocular irritation, and preservative efficacy as we use innovative ingredients to preserve the life of our products rather than traditionally used preservatives such as formaldehyde.

## *Testing for Contaminants*

Despite extensive screening and testing of ingredients, contaminants may still appear at trace levels in raw ingredients or a finished product. Heavy metals can be found in color cosmetics, posing a challenge for businesses to control and reduce exposure to these toxic elements. Trace levels can contaminate raw ingredients or the manufacturing process, which may end up in a finished product.

There are other common, hard-to-control-for contaminants found throughout the industry. For example, raw ingredients come into contact with various materials before they make their way into a formulating lab. They can also be stored in plastic totes for weeks or months, during which time leaching of chemical additives may occur.

Additionally, it is possible for a supplier to pre-preserve raw materials with undisclosed preservatives such as parabens and formaldehyde-releasing agents.

At Beautycounter, we do our best to control contaminants, and we test for trace contaminants and heavy metals for any ingredient that we use above five percent. We also strive for no or “non-detect” levels of contaminants, and quantify our low levels based on scientific literature. We rigorously test raw materials and finished goods for trace contaminants, heavy metals, and residual solvents.

# Ingredient Selection Process

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We've worked with our partners to implement quality assurance checks during the manufacturing process, and replace plastic storage vessels with stainless steel.

Yet, even with these many layers of quality control, strict supplier rules, and our best attempts to eliminate trace contaminants, we can't currently control the entire supply chain. It's the primary reason we work tirelessly with our elected officials for stronger laws governing the beauty industry.

For now, our promise to you is this: we will work with our suppliers and manufacturing partners to control and eliminate or reduce contaminants as much as we can. As new information becomes available to us, we will update our processes and assets to reflect our high standards of safety and performance. And we will be candid with you about our successes and struggles in making safer products in a vastly unregulated industry.

## *Defining “Safer”*

What does “safer” mean to a purpose-drive skin-care company?

When we started Beautycounter, we knew we had to avoid using harmful ingredients found in many common beauty products. But how to distinguish among the more than 80 thousand ingredients on the market?

We needed to create a framework and a process to begin screening and assessing ingredients, and that's how we emerged with our 23 health and safety endpoints against which we screen and assess every ingredient that goes into our products.

Not all the endpoints are weighted equally, and they depend on many factors like use level and route of exposure. The first four—cancer, mutagens, developmental/reproductive harms, and endocrine disruption—have been the traditional measures of harm for ingredients. Beautycounter also tests for factors such as eye irritation, dermal sensitization, and biopersistence, or the ability of an ingredient to accumulate in nature. As part of our Ingredient Selection Process, we review emerging data regularly. For areas in which there is an absence of data, we do not assume that the ingredient is safe, and use predictive models to fill the gaps. Instead, we commission our own non-animal studies—such as our collaboration with Tufts University—to study the endocrine effects of several ingredients commonly used in cosmetics.

## *The Truth About Preservatives in Personal-Care Products*

Preservatives are used in personal-care products to protect human health as they prevent the growth of mold, yeast, and bacteria (yuck), and maintain the formulas' stability. After all, we all want the moisturizer we use on day one to be as effective with the last dab on day 100! At Beautycounter, we know that preservatives are necessary to protect public health, and we strive to use the safest preservatives with minimal risk to human health.

Traditionally, parabens are common preservatives used in personal-care and cosmetics. They are inexpensive and effective at preserving the life of the product. However, both of these preservatives have been linked to cancer, endocrine disruption, and reproductive harm, depending on exposure levels, and are therefore on The Never List™.

# Ingredient Selection Process

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Not every preservative presents a safety risk, however, and some can be as gentle for human use as they are effective at preventing the growth of bacteria.

## *What the Science Says About Phenoxyethanol*

We've been asked on several occasions about the preservative phenoxyethanol—specifically as it pertains to the preservation of our formulations. That's why we partnered with Tufts University School of Medicine, Department of Integrative Physiology, and Pathobiology, to better understand the possible endocrine effects of phenoxyethanol. We commissioned two non-animal tests of Beautycounter's phenoxyethanol supply for endocrine activity ('15 and '18 respectively). The findings from the '15 study show no estrogenic, anti-estrogenic, androgenic, or anti-androgenic activity at any dosage tested.

But we didn't stop there. We are dedicated to discovering new preservatives and continue to be a leader in the Green Chemistry and Commerce Council (GC3) Preservatives Challenge, in which companies pool resources to find viable alternatives to existing preservatives, as well as entirely new preservative systems.

Additionally, we are leveraging our advocacy efforts and serve as a Steering Committee member of the Sustainable Chemistry Alliance, a coalition of industry leaders who are working together on Capitol Hill to advance legislation that would help fast-track bringing green and safer chemicals to the market.

We believe everyone deserves the right to know what they are putting on their skin and in their bodies. Education, transparency, and trust are part of our core philosophy, especially when it comes to potentially harmful chemicals hidden within ingredient labels.

3.

## LEARN CONSTANTLY

There are major data gaps on most cosmetics ingredients, so we review emerging data regularly and even commission our own studies.

## *Our Groundbreaking Collaboration with Researchers at Tufts University School of Medicine*

One of the largest data gaps in the beauty industry is in the endocrine or hormonal effects of ingredients commonly used in personal-care products. Endocrine disruptors are particularly problematic because they may contribute to adverse health effects such as developmental delays, interference with reproduction, increased cancer risk, and compromised immune function. Despite the significant impacts of endocrine disruptors, we found little peer-reviewed research that would help our scientists determine which ingredients were safer to use.

So, we decided to do something about it. In 2017, the scientists at Beautycounter began a research collaboration with Dr. Ana Soto of Tufts University School of Medicine, a leader in research on the hormonal effects of chemicals. Dr. Soto and her scientific partner, Dr. Carlos Sonnenschein, were instrumental in the

# Ingredient Selection Process

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removal of BPA from consumer goods such as plastic water bottles and baby products, as their research uncovered the chemical's endocrine-disruptive effects. Working with Dr. Soto and her team, we aimed to help fill the data gap on the potential endocrine effects of certain ingredients used in personal-care products and plastic packaging.

The testing strategy takes a three-pronged approach. First, we test active ingredients at concentrations mirroring their usage in our formulations that play a key role in our products' performance. Second, we select ingredients with major data gaps or limited information on endocrine disruption. Finally, we include in the list of ingredients to be tested those that have a chemical structure resembling that of ingredients that are known endocrine disruptors.

We are testing the ingredients for their potential estrogenic and androgenic (female and male hormone, respectively) activity. Instead of using animals, Dr. Soto's laboratory uses an "E-Screen" for estrogens and "A-Screen" for androgens, tests based on human cell lines, in addition to other tests that use complementary approaches to detect hormonal activity.

We expect to report on the results of our testing, including the use of phenoxyethanol used by Beautycounter as a preservative, in peer-reviewed academic literature. We will also provide information directly to you.

In the meantime, we can share an ingredient among the dozen that we tested and which is featured in Beautycounter's Nourishing skin-care line. Our current lavender extract, used in the Nourishing Cream Cleanser, Nourishing Eye Cream, and Nourishing Day and Night Creams, was found to have no detectable estrogenic or androgenic activity.

While we could keep our research findings to ourselves, our goal is to help shift the entire market toward safer ingredients. We will share the results and any peer-reviewed studies with you as they become available. Beautycounter will never stop innovating, and we will use this information to continue formulating products that bring you greater peace of mind, both today and tomorrow.

## 4.

### SOURCE RESPONSIBLY

We choose the best organic, natural, sustainable, and synthetic ingredients that meet our standards. Beautycounter also favors business partners who share our vision for fair labor standards and treat supply chain partners with respect. Responsible sourcing is multifaceted: for us, it means considering the sustainability of a particular crop, as well as how the people that work with the crops or minerals are treated.

From the soil, to our labs, to our manufacturing partner facilities, safety and quality are fundamental to delivering safer products into the hands of everyone.

# Ingredient Selection Process

## *Quality*

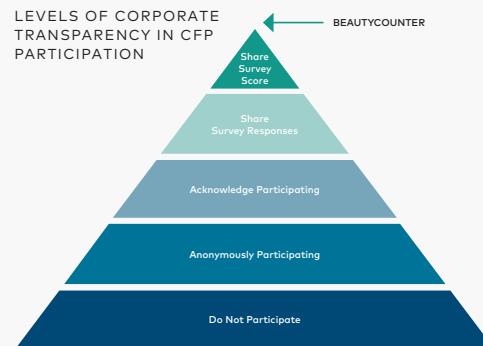
An ingredient is only as safe and pure as the environment in which it's used. To this end, Beautycounter's Quality Team has oversight of our manufacturing partners. Our Quality Team performs site inspections informed by regulatory requirements, Beautycounter's high standards, and industry best practices. They confirm that materials are appropriately segregated, inspected, and tested, and that the facility and equipment are sanitized and maintained.

Following these inspections, Beautycounter Quality works with each manufacturer's Quality Team to ensure continuous improvement of their site and supply chain, adherence to our vision for fair labor standards, and respectful treatment of supply chain partners.

**5. SHARE TRANSPARENTLY**  
Each formula of ingredients, including known components of fragrance, flavors, and intentionally added preservatives, are listed on our product labels or on [beautycounter.com](#).

## *Our Chemical Footprint*

For the third year in a row, our commitment to ingredient safety has been confirmed by the well-respected Chemical Footprint Project (CFP). Transparency and safety are essential in our mission to create cleaner, safer products for you and your family, and our top score shows we're right on track towards #betterbeauty.



The CFP is a tool that ranks and analyzes how businesses use safer chemicals. Reducing your "chemical footprint" means lowering people's exposure to ingredients that are linked to cancer, infertility, asthma, and other health impacts. Basically, it's another way we're coming clean.

The four pillars of the CFP—Management Strategy, Chemical Inventory, Footprint Measurement, and Disclosure & Verification—enable participating companies to benchmark their progress and share their results with the world. This means consumers and even investors can not only evaluate, they can hold companies accountable.

The results of the CFP survey reveal:

- Across all company sizes and sectors, the average CFP scores continue to rise—meaning companies are more concerned with their chemical footprint.
- The demand for transparency is rising. Businesses, investors, and consumers are increasingly wanting to know what chemical ingredients are in products, and where companies are on their journey to safer solutions.

# Ingredient Selection Process

## Fragrance Policy

Beautycounter discloses all fragrance ingredients, and we screen for the safety of each ingredient in our products. *To fragrance our products, we use essential oils and products extracted from plants.*

## Animal Testing Policy

Beautycounter takes the safety of the environment and animals very seriously. *None of our products or ingredients are tested on animals at any stage in the product development process, nor do we ask our contract manufacturers to conduct animal testing.*



*Many of our products are EWG Verified.*

*So, what does that mean?*

As the leader of the #betterbeauty movement, we take our commitment to ingredient transparency very seriously. With that, we are proud to be a Founding Member of the Environmental Working Group (EWG) VERIFIED program.

The EWG VERIFIED certification achieved by selected Beautycounter products means that those products meet EWG's strictest standards for human health. The EWG VERIFIED program drives companies to disclose ingredients that are rarely listed on product labels, and it is the first third-party non-toxic certification for personal-care products.

In order to achieve certification for a product, we share every ingredient with which it is formulated. We educate our consumers on the importance of product safety, so they feel

empowered to double-check the labels on products that they use every day. We also act as changemakers in the market, so consumers are confident in making the most informed purchasing decisions.

To be EWG VERIFIED:

- Products must score “green” in the Skin Deep Cosmetics Database
- Products cannot contain any ingredients on EWG’s “Unacceptable” list
- Products cannot contain any ingredients on EWG’s “Restricted” list that do not meet the restrictions set by authoritative bodies and industry institutions
- Products must follow standard ingredient naming guidelines
- Product labels must fully disclose all ingredients, including those used in “fragrances,” a word that can encompass a mixture of several ingredients
- Products must pass initial basic microbial challenge tests to determine the product’s ability to kill or prevent the growth of microorganisms over a set period, and repeat these tests as appropriate.



BABY CALMING  
DIAPER RASH  
CREAM

CLEANSING  
BALM

COUNTERMATCH™  
ADAPTIVE  
MOISTURE LOTION

In August 2017, Beautycounter received the highest score among all companies that participated in the Chemical Footprint Project (CFP) survey for the second year in a row. This third-party survey verifies our use of low-hazard chemicals and ingredients.

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Chapter 5

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# GROWING OUR COMMUNITY

**EVERYONE MEANS EVERYONE**

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This goal is based on the fundamental notion that everyone, different as we all may be, values many of the same things: our health, the safety of our loved ones, and the freedom to make informed choices.

# Everyone Means Everyone

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From our inception, Beautycounter has endeavored to build community. In fact, that aim is fused into the mission itself: we work to get safer products into the hands of everyone. This goal is based on the fundamental notion that everyone, different as we all may be, values many of the same things: our health, the safety of our loved ones, and the freedom to make informed choices. When we recognize our commonalities and appreciate our differences, we can change the world.

To us, the word “inclusion” is more than a catchphrase. We seek to be inclusive in all we do: this involves building diverse teams and a supportive work environment at our headquarters and within our field of Consultants, creating culturally relevant imagery and product offerings within the Beautycounter portfolio, and fostering relationships as well as storytelling in the community that connect us with individuals of all backgrounds.

In August 2018, Beautycounter celebrated the Community Expansion Department’s one-year anniversary. Since the Department was formally established, it has continued to grow and deliver upon a formal strategy put forth by the VP of Corporate Communications and Community Expansion. Efforts in the past 12 months include the cultivation of deeper relationships with internal teams such as Social, Sales, Brand Marketing, Product Development, and Human Resources. These partnerships have enabled Beautycounter to reach new communities in meaningful ways while supporting their unique needs. In September, we were proud to work directly with the Sales Department to host Beautycounter’s first-ever

Spanish bilingual opportunity event in Miami, which provided an opportunity to connect with our growing Latinx Consultant contingent and Spanish-preferred Clients. Beautycounter also began celebrating the nationally recognized heritage/cultural months, so that we continue to ensure all associates and Consultants see themselves reflected in our company culture, and so that we educate ourselves on the communities that make up our “everyone.”

While we are proud of the progress we have made since the Department was formally established, we also look forward to the opportunities ahead. Each step that we take, and each person we reach, brings us that much closer to everyone.



# Community Expansion Timeline

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|   |   |   |  |   |   |
|---|---|---|--|---|---|
| MARCH 2018  |   | MAY 2018  | AUGUST 2018  | NOVEMBER 2018   | FEBRUARY 2019   |
| Additional shades added to the Tint Skin line, and department leadership hired. | Began Consultant/associate engagement around nationally recognized heritage months. | <i>Everyone Means Everyone</i> is emphasized at annual conference for Consultants.    | Inaugural Spanish bilingual event in Miami to support Latinx contingent. | Social assets created to observe Veterans Day and Remembrance Day.  | Event at NYC store focused on education, recruiting, and makeup tutorial for deeper skin tones. |
| APRIL 2018  | JUNE 2018   | OCTOBER 2018  | JANUARY 2019   | MARCH 2019  |   |
| Associate demographics and recommendations delivered to Sr. Executive Team.     | Product marketing assets enhanced to reflect and engage diverse consumers.          | Live social discussion with associates about Latinx representation and culture at HQ. | Multi-audience recognition of Dr. MLK Jr. Day and service activation.    | Product tutorial with Chief Artistic Officer and Consultants of color.<br><br>HQ associates and Consultants host Opportunity Call in Spanish. | Focus on diverse representation and networking reception at conference for Consultants.         |

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Chapter 6

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# GIVING FOR GOOD

## INVESTING IN SCIENCE

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Every time you purchase a Beautycounter product, you are also helping to invest in science that benefits the entire beauty industry.

That's because Beautycounter is committed to partnering with leading scientists, academic institutions, and business coalitions to find safer ingredients that will create the products of tomorrow.

# Investing in Science

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When you purchase a Beautycounter product, you are also helping to invest in science that benefits the entire beauty industry. That's because Beautycounter is committed to partnering with leading scientists, academic institutions, and business coalitions to find safer ingredients that will create the products of tomorrow.

Stay tuned this year for updates about our Investing in Science platform, a new Beautycounter program that will complement and energize our education and advocacy efforts, as well as our ability to formulate more products in safer ways in the future—and share that information transparently.



# Investing in Trusted Non- Profit Partners

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Since day one, Beautycounter has believed that giving back is central to protecting public health, advancing scientific research, advocating for women's empowerment, and preventing cancer. That's why we have worked with trusted non-profit partners like the Environmental Working Group (EWG), Breast Cancer Prevention Partners, and Healthy Child Healthy World since we opened our doors. We also work with organizations that align with our mission like the Good+ Foundation and Environmental Defence—and support these organizations throughout the year. To date, Beautycounter has made over \$2.4 million in cash and product donations.



environmental  
defence



GOOD+  
FOUNDATION



Jonsson Cancer  
Center Foundation

# United in the Fight Against Cancer

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We're dedicated to supporting the cancer research and prevention community, and get involved as often as we can. Here are three examples of our mission in action:

## BREAST CANCER PREVENTION MONTH

Did you know most breast cancer cases are not linked to family history? We teamed up with two organizations that are spreading the word about prevention in honor of Breast Cancer Prevention Month.

Breast Cancer Prevention Partners is a respected non-profit dedicated to stopping breast cancer before it starts. BCPP's main focus is reducing exposure to chemicals potentially linked to cancer, including those that may be found in beauty products. Keep A Breast is a foundation that promotes the importance of early breast cancer detection and prevention among young people. For the month of October, we launched a fundraising page to support both organizations, educating our #betterbeauty community about preventative methods and encouraging them to make a donation. Our Consultants joined the cause by hosting "Socials on a Mission" focused on breast cancer prevention education, and donated a portion of their proceeds to support both organizations.

## STAND UP TO CANCER

Did you know that each year in the U.S., more people are diagnosed with skin cancer than all other cancers combined? That shocking fact inspired us to team up with Stand Up To Cancer (SU2C) for the second year in a row to bring awareness to

the disease, the value of research, and the people it impacts. Our collaboration with SU2C happened organically, as our missions go hand-in-hand. While SU2C brings together the best and the brightest researchers to mandate collaboration among the cancer community, Beautycounter strives to limit exposure to potentially harmful ingredients linked to cancer.

In honor of the launch of our Countersun Sunscreen line in June, our Consultants focused on sun safety and skin cancer prevention education—raising funds for SU2C by hosting "Socials on a Mission." Beautycounter also donated a portion of the proceeds from our Countersun Collection sales. Since our partnership with SU2C began in 2016, the Beautycounter community has donated nearly \$280,000 to fund critical cancer research.

## SHOP ONE, SHARE ONE

For the holidays, we partnered with UCLA Jonsson Comprehensive Cancer Center for a second year in a row to gift a little boost of radiance to those in need. We created a trio of mini facial oils (including our best-selling treatments to nourish, soothe, and hydrate the skin) and launched a buy one, give one initiative during the month of October.

For every Glow and Go Mini Oils set purchased, we donated a set to a patient undergoing cancer treatment. With the help of our customers, we were able to deliver sets to 4,000 patients who deserved a little pampering. Every set also included tips on using commonly found oils, like coconut oil and jojoba oil to boost hydration and gently remove makeup.

# Social Mission Task Force

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## WALKING THE TALK

We assembled a team of HQ employees who shared a strong interest in Social and Environmental Responsibility, and dubbed it “The Social Mission Task Force.” Its mission: to actively educate and engage our employees with Beautycounter’s mission to ensure it is at the forefront of all aspects of our work. The task force aims to improve company culture and drive company growth, all while creating meaningful impact on our community.

## OUR FIRST MISSION

We celebrated Giving Tuesday by giving back right in our Santa Monica, CA neighborhood. With education in mind (one of our three core pillars of Beautycounter), HQ employees were given the opportunity to provide a fulfilling, educational experience while making a difference. We partnered with local schools to provide hands-on educational lessons focusing on themes of history, science, and consumer safety. We collaborated with science teachers to teach students about the harmful chemicals found in everyday products used in the classrooms and their homes. Students were educated on what these chemicals are, and taught how to make DIY safer alternatives.

Companies that make cleaning products are not required by federal law to list ingredients. Because of this, manufacturers may use potentially harmful ingredients without telling you—in fact, you may never even know.

Source: Environmental Protection Agency

Scents added to personal care products (and other consumer goods) may contain any number of more than 3,000 different chemical ingredients—some of which are known hormone-disruptors or allergens.

Source: The International Fragrance Association & EWG

Flame retardants (found in many household materials like couches) have been linked to a number of potential health issues including cancer and reproductive toxicity.

Source: National Institute of Environmental Health Sciences

# Life and Culture at Beautycounter

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Beautycounter recognizes the importance of a workplace that treats employees the way we treat our Clients and Consultants. That's why we designed our new headquarters with employee wellness in mind, with low volatile organic compound (VOC) paints, outdoor meeting areas, ample natural light, and ergonomic workspaces. In our kitchen, we stock healthy snacks and beverages that are produced by other certified B Corps.

In addition to our generous employee benefits, such as maternity and paternity leave and 401k matching program, we offer annual on-site flu shots, give our employees two volunteer days per year, and host on-site yoga and meditation workshops.

As a mission-driven company, we know that civic engagement is an important part of our democracy. That's why we participated in the 2018 Time to Vote movement—a non-partisan effort led by CEOs aimed at increasing voter participation. All Beautycounter employees were given Election Day off to ensure that work schedules did not affect participation in one of our most important rights.



**SMILE,  
THE  
FUTURE IS  
CLEAN**