



The International
Fragrance Association



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Fragrance industry identifies possible challenges ahead to meet the objectives of the Green Deal

A new study on the business impact of the EU Commission's proposed Chemicals Strategy for Sustainability put the fragrance industry at crossroads, with transformations needed to safeguard and promote prosperity of the sector in Europe

A new study conducted on behalf of The International Fragrance Association (IFRA) suggests a negative impact on the industry of up to €2bn per year resulting from proposals made in the European Union's Chemical Strategy for

Sustainability (CSS).

The study, by independent research consultancy Ricardo Energy & Environment, assessed the impacts against baseline projections for industry growth. It suggests that more than a quarter of the industry's portfolio in turnover terms would be affected in some way by the proposed changes. This impact would be felt by consumers, says the report, with a reduction in choice of products that people consider important to their mental and physical wellbeing.

The research focuses on how specific proposals within the CSS, launched in October 2020, may affect fragrance companies and the wider industry in Europe. These proposals include an extension of the General Approach to Risk Management (GRA) that does not take account of the specificities of fragrances; the addition of hazard classes to the EU Classification, Labelling and Packaging Regulation (CLP); and the introduction of a 'mixture assessment factor' to assess combination effects of chemicals. The impact of 'essential use' criteria was also qualitatively assessed.

Data for the report was collected from dozens of companies, large and small, from across Europe. The data will be used as input to the ongoing consultative process on the revision of REACH and CLP regulations as well as on the creation of a Transition Pathway for Chemicals, by which the European Commission seeks to implement the aims of the CSS.

Reacting to the study's findings, **Martina Bianchini**, IFRA President, said:

"From the beginning, IFRA has stated its support for the overall objectives of the EU Green Deal, and is ready to contribute positively to the Transition Pathway for Chemicals. But the transition can only be successful if it promotes sustainable growth, covering social, economic, environmental, and cultural dimensions.

"The study highlights the challenges posed by the current plans to the long-term socio-economic sustainability of our sector, especially for small businesses, which make up half of all companies in the European fragrance industry.

"At a time of uncertainty, we should be wary of the unintended consequences of policies and how they may negatively impact innovation, employment, and growth. We want to make sure these important sustainability policies have a

positive impact in these areas, as well as enhancing consumer choice, encouraging investment, and reinforcing fragrance's place as a key part of Europe's cultural heritage, as well as its future."

Hans Holger Gliewe, IFRA Chairman, added:

"We believe that by working together to address some of our concerns about the proposed rules, and by giving more time to develop and modify portfolios, we can achieve an outcome that gives Europeans the high level of consumer and environmental protection they deserve, and the choice and innovative products they desire.

"As an industry, we have already shown willingness to change. We have embarked on a green transition through our joint Sustainability Charter with the flavor industry, we invest eight per cent of net sales in R&D, and green chemistry is an emerging practice in our industry that will contribute towards establishing products that are safe and sustainable by design."

As well as addressing the potential impact on the fragrance industry, the study highlights a 'ripple' effect on the wider fragrance value chain – from raw materials suppliers, to manufacturers, consumer goods companies and retailers – due to the need to substitute and reformulate products.

IFRA will present the findings of the study to European decision-makers as work progresses on implementation of the CSS. The fragrance industry is keen to contribute to a Transition Pathway that supports value chains, boosts innovation, and has clear and workable implementation mechanisms.

The full report is available at ifra.info/GreenDeal.

Background information on the report

This report presents the findings of the research which includes an analysis of the impact of:

- The addition of hazards to the CLP Regulation (EC) No. 1272/2008
- The extension of the Generic Risk Approach to Risk Management (GRA).
- A qualitative assessment of the essential use concept

The work has followed the EU Commission's Better Regulation Guidelines where possible, although this is an analysis of business impacts only and so costs and benefits to human health and the environment have not been considered.

About Ricardo Energy & Environment

Ricardo plc is a world-class environmental, engineering and strategic consulting company listed on the London Stock Exchange. With over 100 years of excellence, we provide exceptional levels of expertise in delivering leading edge and innovative cross sector sustainable products and solutions, helping our global customers increase efficiencies, achieve growth and create a clear and safer future. Our mission is clear – to create a safe and sustainable world.

For more information visit www.ee.ricardo.com.

The International Fragrance Association, founded in 1973, represents the interests of the fragrance industry worldwide. IFRA comprises seven multinational Regular Members and 23 national associations in four global regions representing hundreds of small and medium-sized fragrance ingredient manufacturers, as well as supporting members. Its mission is to promote the safe use of fragrance for everyone's enjoyment.

Fragrances are a key platform technology used by consumer goods companies – for fine fragrances, personal care products, household care and more.

IFRA's flagship safe use program, the IFRA Standards, applies safety management measures based on scientific assessment and the evaluations of an independent Expert Panel. The program is at the heart of the IFRA Code of Practice, which applies to all IFRA members globally, including members of IFRA's national associations. The Code also requires members to abide by local, national and international regulation, and to apply good manufacturing practices.

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