



Sephora Public Chemicals Policy 2nd Progress Update

Background:

Clients come to Sephora knowing we offer the best selection of high-quality, prestige beauty products. For us, this means continuing to focus on product safety and sustainability. In July 2019, we launched our [public Chemicals Policy](#) for our full assortment with the **following goals:**

1. **High-Priority Chemicals:** reduce the number of products from all brands (including third party-brands) that contain any high-priority chemicals listed in the policy¹ by 50% in three years.
2. **Safer Alternatives:** encourage the replacement of high-priority chemicals with safer alternatives and avoid regrettable substitutes.
3. **Transparency and Consumer Knowledge:** By the end of 2020, 100% of formulated products have all intentionally added ingredients² listed on our US Sephora.com website.

We also published our first annual report on progress to reach our goals in July 2020 announcing:

1. A **14% reduction** in products with 1 or more high-priority chemicals
2. A **13% increase** in the number of products with all intentionally added ingredient information on Sephora.com
3. Several external partnerships in **green chemistry and safer alternatives** aimed to help us reach our goals. Refer to our [1st annual progress update here](#).

2nd Annual Progress Update:

Below is a summary of our actions in year 2 (July 2020 - July 2021) to reach our goals:

1. **Safer Alternatives:** We have continued our previous partnerships with industry leaders on innovation and green chemistry practices with expanded work, including:
 - a. [Novi Connect](#): a product development platform that helps formulators vet ingredients to the source, enabling real-time transparency for beauty and personal care products. In year two we:
 - i. Expanded the scope of our Novi Connect relationship to now support all Sephora brands. This enables brands to have visibility into which of their products meet the Clean at Sephora requirements or the Public Chemicals Policy. If an ingredient in a product does not meet these criteria, Novi helps that brand source compliant alternatives.
 - ii. Extended Novi coverage to include brands in the [Sephora Accelerate program](#), a brand incubation program focused on founders of color.
 - b. [ChemFORWARD](#): a non-profit focused on creating broad access to chemical hazard data and identifying and verifying safer alternatives. In year two we:
 - i. Seeded a repository of chemical hazard data and safer alternatives that is now available to Sephora brands and beyond.

¹ Compared to 2019 baseline data from US assortment analysis with known ingredients.

² Excluding the constituents of fragrance or parfum. Although some brands voluntarily disclose this, it is not currently required.



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- ii. Initiated the integration of ChemFORWARD data into the Novi Connect platform that will:
 - Identify material suppliers with safer alternatives to high-priority chemicals (such as alternatives to preservatives, benzophenones, ethanolamines and cyclic silicones).
 - Support comprehensive chemical hazard assessments for safer trade name ingredients³ identified to avoid regrettable substitution including adding the assessment of 26 chemicals Sephora funded in 2019/2020.
 - Amplified verified safer alternatives on cloud-based platforms including ChemFORWARD and Novi Connect, listed as “ChemFORWARD Safer”.

This integration is expected to dramatically improve the availability of chemical hazard information, hazard transparency, and the availability of safer alternatives by tradename for Sephora brands and beyond.
 - c. Continued our collaboration with the [Environmental Defense Fund \(EDF\)](#) as a strategic advisor to Sephora’s public chemicals policy and partner in advancing safer chemistry.
 - d. Continued providing and expanding resources for our brand partners, such as:
 - i. A Sephora Safer Alternatives Guide, one of 6 sustainability guides
 - ii. A sustainability training module on ingredients
 - iii. New sustainability trainings (e.g., for makeup and fragrance brands, Accelerate brands, new Sephora employee trainings, etc.)
 - iv. One-on-one calls to discuss implementing the policy with over 45 brands (including sharing an analysis of how a brand’s products measure against the Public Chemicals Policy high-priority chemicals)
2. **Transparency:** we have continued to focus on transparency to ensure we (i) have a full accounting of high-priority chemicals in our assortment, with an increased focus on fragrance products⁴ and (ii) meet the growing needs of our clients. In year two we:
- a. Focused on fragrance by:
 - i. Completing a business-to-business audit of our 2,271 fragrance products for the presence of high-priority chemicals.
 - ii. Increasing transparency of ingredient information for fragrance brands in the Clean at Sephora program, as 100% of our 10 Clean fragrance brands and 162

³ A trade name is an ingredient name that is specifically branded from one ingredient supplier. For example, the INCI name could be squalane, but the trade name is a specified brand of squalane, which indicates who manufactures this ingredient, how it was made, the sourcing, sustainability attributes, etc.

⁴ Fragrance products refers to individual fragrance skus. For example, there could be one formula of a fragrance product (parfum) with 3 different sizes, which would constitute 3 fragrance products.



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- products will fully list their ingredient information on Sephora.com by end of 2021.
- iii. Increased the number of fragrance products with intentionally added ingredient information on Sephora.com by 50%.
 - b. Increased the number of products with all intentionally added ingredient information on Sephora.com from 95.0% to 98.0%⁵.
 - c. Created new highlight badges on Sephora.com to increase transparency of ingredient callouts for all products (e.g., Reef Safe, Cruelty-free, Vegan, etc.), as well as ingredient exclusions specifically for fragrance brands, (e.g., Phthalate-free, Formaldehyde-free, etc.).

Metrics on High-Priority Chemicals:

Below are the metrics⁶ we have been tracking to demonstrate our progress to meet our goals:

Sephora's Public Chemicals Policy High-Priority Chemicals:		
% Reduction in skus with 1 or more high-priority chemical		
14.3%	December 2019 to July 2020	
16.7%	July 2020 to July 2021	
28.6%	December 2019 to July 2021	
% Of skus sold on Sephora.com that have no high-priority chemicals	% YOY	
93.2%	n/a	December 2019
93.8%	1% increase	July 2020
94.8%	2% increase	July 2021

⁵ For all formulated products in the time period July 2020 to July 2021 (and 99.8% for all skus minus fragrance. Fragrance skus are not currently required to list ingredient information and/or the constituents of fragrance, although some do voluntarily).

⁶ The data used to report these metrics come from an analysis completed by Novi Connect, as well as internal analysis by Sephora. The high-priority chemical numbers reported are based on public ingredient data received from our third-party brands as of December 2019, July 2020 and July 2021 which may be out of date or missing information. All numbers have been normalized to account for seasonality and products with missing ingredient data have been removed from the analysis of skus with high priority chemicals to avoid skewing the results.



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% Of brands sold on Sephora.com have no high-priority chemicals	% YOY	
64.8%	n/a	December 2019
64.7%	0%	July 2020
69.0%	6% increase	July 2021

Safer Alternatives:		
ChemFORWARD	26 chemical hazard assessments (CHAs) funded by Sephora	These CHAs will be utilized in the Novi Connect tool, making them more accessible for brands with high-priority chemicals to find fully assessed safer alternatives (ranking a C or better on A-F rating scale)
Novi Connect	45 brands onboarded (all Sephora brands have access beginning August 2021)	All brands at Sephora, including Accelerate brands, are able to utilize tools to vet, source, and increase transparency by identifying safer alternatives with Novi Connect

Transparency and Consumer Knowledge:		
% Of skus on Sephora.com that have ingredient information available		
98.0%	All skus minus fragrance products	July 2020
99.8%		July 2021
95.0%	All skus	July 2020
98.0%		July 2021

Other Sephora progress updates:

- Sephora Collection, our private label brand, continued its strict safety requirements with a Restricted Substance List (“RSL”) that goes beyond European Regulation for cosmetics.
- Sephora expanded “[Clean at Sephora](#)” standards, increasing the “formulated without” list to add 6 new ingredient categories in July 2021 and March 2022.
- Over 91 brands achieved the “Clean at Sephora” seal in 2021 (a 25% increase from 2019).



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- Clean at Sephora now includes an additional program, [Clean + Planet Positive](#), focused on sustainability for brands who meet criteria for responsible packaging, climate commitments, sustainable sourcing, and environmental giving.
- Sephora has also maintained our participation with the [Green Chemistry and Commerce Council \(GC3\)](#) and their [Retailer Leadership Council](#).
- In 2020, [Sephora received an A grade, ranking 4th out of 50 retailers](#), on the Mind the Store Retailer Report card, which ranks companies on their approach to chemical management.

The year ahead:

We will continue to reduce the high priority chemicals in our assortment, aim for transparency and 100% of formulated beauty products to have their ingredients listed on Sephora.com, partner with innovators in green chemistry and safer ingredients, and work to ensure we are meeting client demand for safer and more sustainable products. Sustainability and the importance of client health are a key focus for us, and we are committed to maintaining this priority.