



Cosmetic, Toiletry, and Fragrance Industry

Essential for Brazil

ABIHPEC is a Private entity that represents the Brazilian industry of Cosmetics, Toiletry, and Fragrances

With more than 400 associated companies, it represents 90% of the sector

ABIHPEC operates in the defense of the sector interests in the different public and private spheres, supports actions focused on the industry progress through the development of projects and programs that promote **innovation, sustainability, regulation, internationalization, the sector projection, and socially responsible corporate attitude.**

Some areas of activity

- **Technical and regulatory affairs**
- **Foreign trade**
- **Communication & Marketing**
- **Innovation & Technology**
- **Market intelligence**
- **International Businesses**
- **Environment**
- **Social Responsibility**
- **Institutional relations**
- **Tax**

An **ESSENTIAL*** sector to the country

The Cosmetic, Toiletry,
and Fragrance Sector
takes care of Brazil...

**...preventing diseases,
offering well-being,
strengthening self-esteem
and promoting social
inclusion.**



Taking care of health and well-being is taking care of Brazil

*CT&F sector was considered essential by the federal government: Decree nº 10.329/2020



Takes care of Health

- **Hand hygiene (prevention of Covid-19)**
(liquid and bar soap, alcohol gel)
- **Oral hygiene**
- **Sun protection**
- **Insect repellents**
- **Personal hygiene**
(adult and child disposable diapers, wet wipes, sanitary pads, toilet paper)
- **Respiratory hygiene and etiquette**
(tissues)
- **Treatment and cleaning of skin, hair and nails**



Takes care of the environment

- **Pioneering in reverse logistics for post consumption packaging**
- **Socio-environmental responsibility**
- **Development of eco-efficient packaging**
- **Sustainable use of biodiversity assets**
- **Supply of raw-materials and supplies by local communities**
- **Mobilization of the supply chain**
- **Climate agenda and Decarbonization of the economy**



Takes care of Society

- **Women empowerment**
- **Increase of self-esteem, well-being, and life quality**
- **Employability**

2021 - 2022

The CT&F industry mobilizes and promotes development in Brazil

Local production prevails, leveraging job generation

Sources *Euromonitor, 2022 Mintel, 2022 #Painel Dados de Mercado ABIHPEC 2022, @ Ministry of Economy/Secex 2022

- 4th largest consumer market worldwide (US\$ 26.9 billion*)

- -7.0% real downturn in 2021 (ex-factory)

- 2nd largest market of fragrances, male products and deodorants*

- 2nd market in the global ranking of countries that launch more products yearly (1st USA)*

- Exported in 2022 to 174 countries

Source: *ABIHPEC analysis based on SECEX/ ME, 2022 / Painel Dados de Mercado, 2022



BRAZIL IN THE WORLD

- SALES TO CONSUMER - 2022

BRAZIL CLASSIFICATION PER CATEGORY

- 2nd FRAGRANCES, MALE PRODUCTS and, DEODORANTS
- 3rd CHILDREN PRODUCTS
SUN PROTECTION
ORAL HYGIENE ↑
- 4th HAIR CARE
BATH PRODUCTS ↑
- 6th MAKEUP ↑
- 8th SKIN CARE
- 10th DEPILATORY PRODUCTS

US\$ MILLION		
1 st	United States	20.7% US\$ 110.671
2 nd	China	14.7% US\$ 78.937
3 rd	Japan	5.5% US\$ 29.687
4 th	Brazil	5.0% US\$ 26.880
5 th	Germany	3.7% US\$ 19.749
6 th	United Kingdom	3.2% US\$ 17.590
7 th	India	2.9% US\$ 15.689
8 th	France	2.8% US\$ 14.806
9 th	South Korea	2.4% US\$ 12.800
10 th	Italy	2.2% US\$ 11.917

TOP 10 CONSUMER MARKET



An Entrepreneur Sector: CT&F companies in Brazil

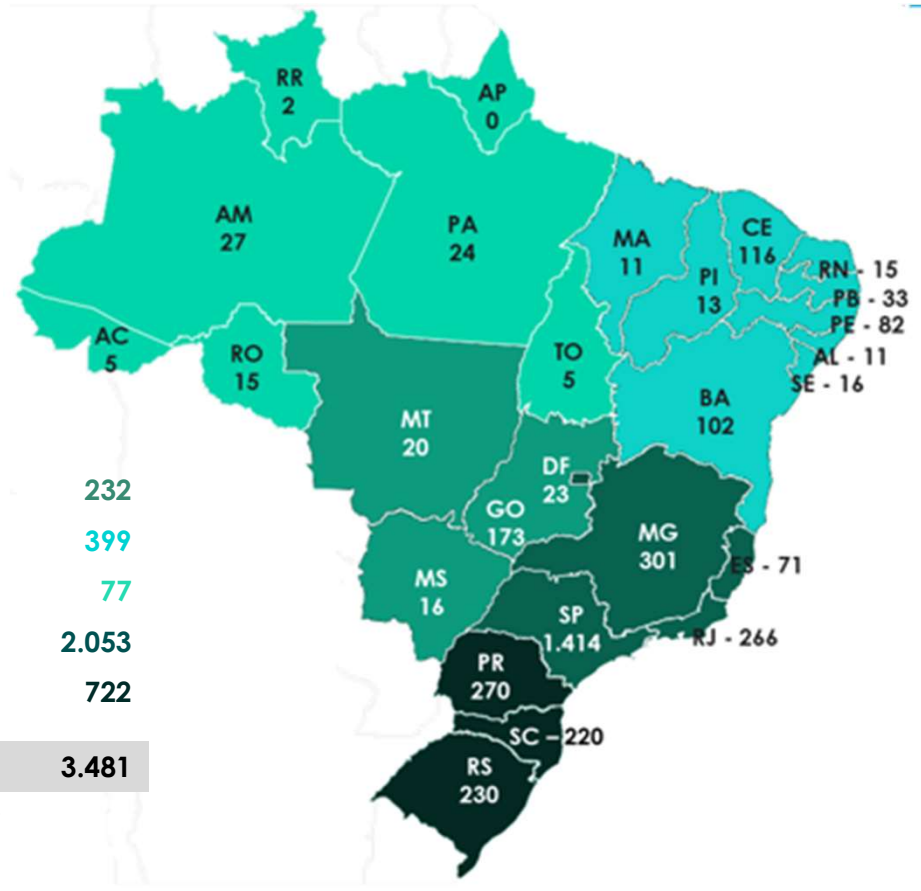
**Growth
2022/2021**

3,5%

**Growth:
2022/2016: 33,4%**
CAGR: 4,2%

Midwest	232
Northeast	399
North	77
Southeast	2.053
South	722
Brazil	3.481

Updated Sep 30th, 2023



Generates around 5.6 million work opportunities



- Industry
- Franchise
- Direct Sales Consultancy
- Beauty Salons

Sources: ABIHPEC, ABEVD, ABF, and PNAD-IBGE (Mar/2022)



A 4,8% increase in direct job generation in 2022, against 2021, corresponding to 256,2 thousand direct jobs in the industry.

Work opportunities per channel

WORK OPPORTUNITIES ('000)													
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	3° Trim 2023	Variation 23/22
INDUSTRY**	122,8	126,0	126,0	122,2	118,3	120,5	125,7	130,7	135,4	133,5	134,4	144,1	7,2%
FRANCHISE	188,1	195,6	200,7	214,2	214,6	219,6	236,4	248,5	230,4	107,1	127,1	127,1	0,0%
DIRECT SALES CONSULTANCY	3.897,7	4.053,6	4.053,6	4.140,0	4.140,0	3.690,0	3.690,1	3.292,9	3.248,5	2.733,0	2.702,7	2.702,7	0,0%
BEAUTY SALONS	1.664,8	1.711,2	1.803,2	1.823,8	1.884,9	2.107,1	2.211,7	2.325,4	1.800,7	2.350,3	2.616,0	2.627,0	0,4%
TOTAL	5.873,4	6.086,4	6.183,5	6.300,2	6.357,8	6.137,2	6.263,9	5.997,5	5.414,9	5.323,9	5.580,1	5.600,8	0,4%

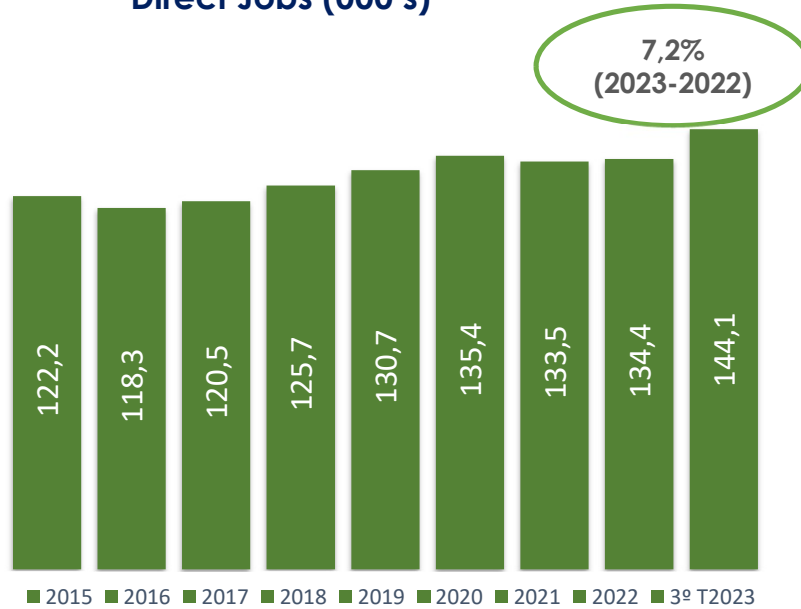
Source: ABIHPEC, ABEVD, ABF, e PNAD-IBGE-october/2023

** Data updated until Nov/2023

Direct Jobs:
Growth from
2016 to 2022: **10,0%**
CAGR: **1,4%**

Job and work opportunities

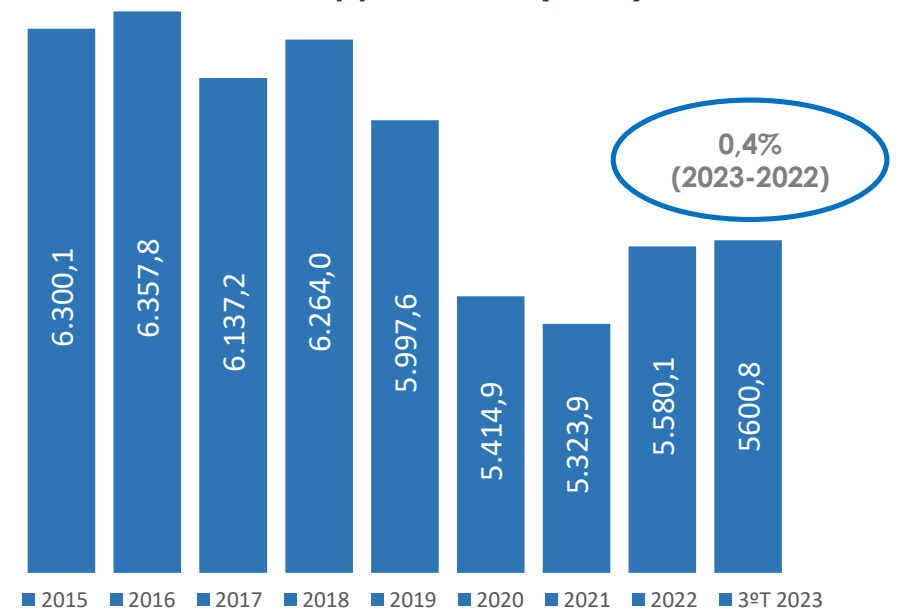
Direct Jobs (000's)



CAGR (2017-2023): 2,9%

After recording fall in the number of direct job in 2015 and 2016, the sector experienced a period of strong recovery between 2017 and 2020, accounting for growth of 14.4% over 2016. In 2021, after the height of the pandemic, the sector faced a further downturn of around 1.6% vs. 2020. In 2023, it showed a slight recovery, closing the year with growth of 0.4% vs. 2022, accounting for 144,1 thousand direct jobs.

Work Opportunities (000's)



CAGR (2017-2023): -1,8%

Still as reflex of the pandemic, in 2021 there was downturn in work opportunities in practically all channels, resulting in fall in the total number, closing the year with a decrease of 1.7%. In third quarter of 2023, the scenario is more favorable, and grew by 1,52% compared to 2022.

Socio-economic impact of the CT&F sector

- The matrix effect shows the relevance of a sector along the production chain
- Value added in the other sectors
 - Sectorial interrelations
- High income generation capacity (salary mass multiplier)
- High collection capacity (seen in the tax multiplier)

When **R\$ 1 billion** is allocated in the **CT&F sector***, in the Brazilian economy are generated:

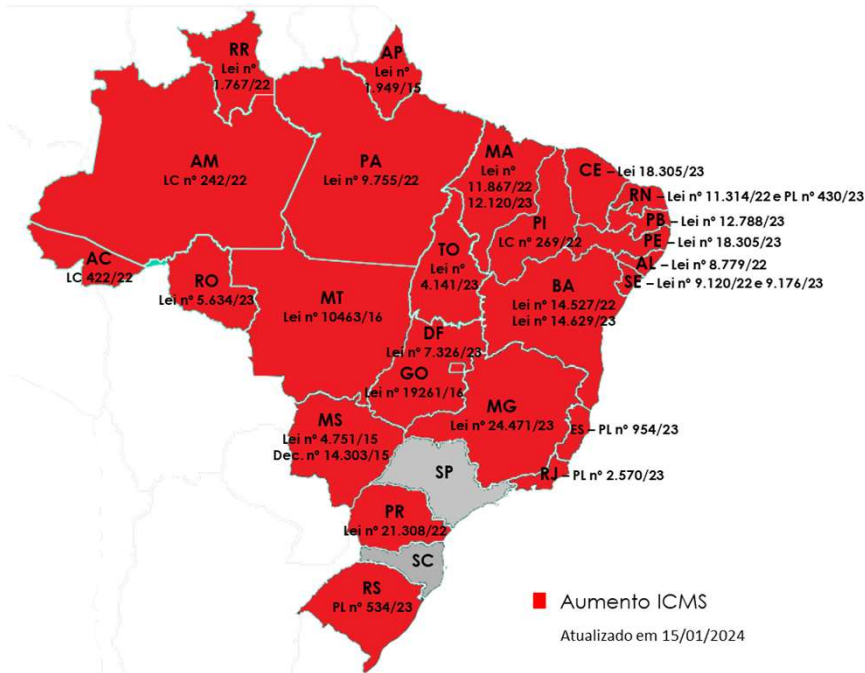
	 PRODUCTION (R\$)	 OCCUPATION (Units, for 1 year)	 TAXES (R\$)	 WAGES (R\$)
 CTF	1,3 billion	25 Thousand	591 Million	509 Million

As a comparison, even an increase in agriculture or industry generates:

 Agriculture	1,2 Billion	41 Thousand	157 Million	321 Million
 Industry	1,3 Billion	26 Thousand	346 Million	484 Million

Source: Elaboration LCA, based on the Tables of Resources and Uses of the 2015 National Accounts System.

Tax Map



Since 2015, the CT&F sector has been impacted by a series of tax measures that, combined with the unfavorable political and economic scenario, have harmed the industry's results.

The risk of consecutive and indiscriminate measures (IPI and ICMS), under the pretext of increasing resources to the public coffers, has been lowering sales in the sector and, therefore, reducing the collection curves, in an effect contrary to that intended by the government.

The sector was penalized with an increase in ICMS in 24 states and the Federal District, according to the map, in addition to the strong impact caused by the shift of the IPI from the industry to the distributor that occurred in 2015.

In 2024, the scenario will be even more challenging in view of the increase in the modal rate of ICMS approved in several UF's at the end of 2023.

Source: ABIHPEC in partnership with A2M Consultoria

Internal (modal) ICMS rates

Year	AC	AL	AM	AP	BA	CE	DF	ES	GO	MA	MG	MS	MT	PA	PB	PE
2022	17%	17%	18%	18%	18%	18%	18%	17%	17%	18%	18%	17%	17%	17%	18%	18%
2023	19%	19%	20%	18%	19%	18%	18%	17%	17%	20%	18%	17%	17%	19%	18%	18%
2024	19%	19%	20%	18%	20,5%	20%	20%	17%	19%	22%	18%	17% ⁽¹⁾	17% ⁽²⁾	19%	20%	20,5%

Year	PI	PR	RJ	RN	RO	RR	RS	SC	SE	SP	TO
2022	18%	18%	18%	18%	17,5%	17%	17%	17%	18%	18%	18%
2023	21%	19%	18%	20%	17,5%	20%	17%	17%	19% ⁽⁴⁾	18%	18%
2024	21%	19,5%	20%	18%	19,5%	20%	17%	17% ⁽³⁾	19%	18% ⁽⁵⁾	20% ⁽⁶⁾

Source: ABIHPEC in partnership with A2M Consultoria

(1) Bill 954/2023 was submitted on November 24, by the Executive Branch, at ALES.

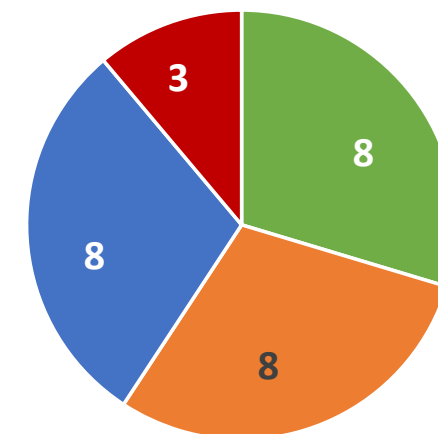
(2) Bill 1,322/2023 was submitted on November 28, by the Executive Branch, at ALEGO.

(3) Bill 2,570/2023 was submitted on November 16, by Deputy Luiz Paulo (PSDB), at ALERJ.

(4) Although the Act has not yet been published, Bill 430/2023 was approved by the ALRN CCI on November 7, having been forwarded to the plenary vote.

(5) Bill 534/2023 was submitted on November 16, by the Executive Branch, at ALRS.

(6) The modal internal rate of 22% (Act 9,120/2022) took effect only in the period from March 20 to March 31. Act 9,176/2023 promoted the reduction (from 22% to 19%), taking effect as from April 1. (7) Due to the decision handed down by the Supreme Federal Court (STF) in the judgment of ADI 7,375, the new established internal modal rate can be required only from January 1, 2024.



- Maintained the rate in 2022, 2023 and 2024
- Rate increase in 2024
- Rate increase in 2023
- Rate increase in 2023 and 2024

States that had no increase in ICMS rates on HPPC products

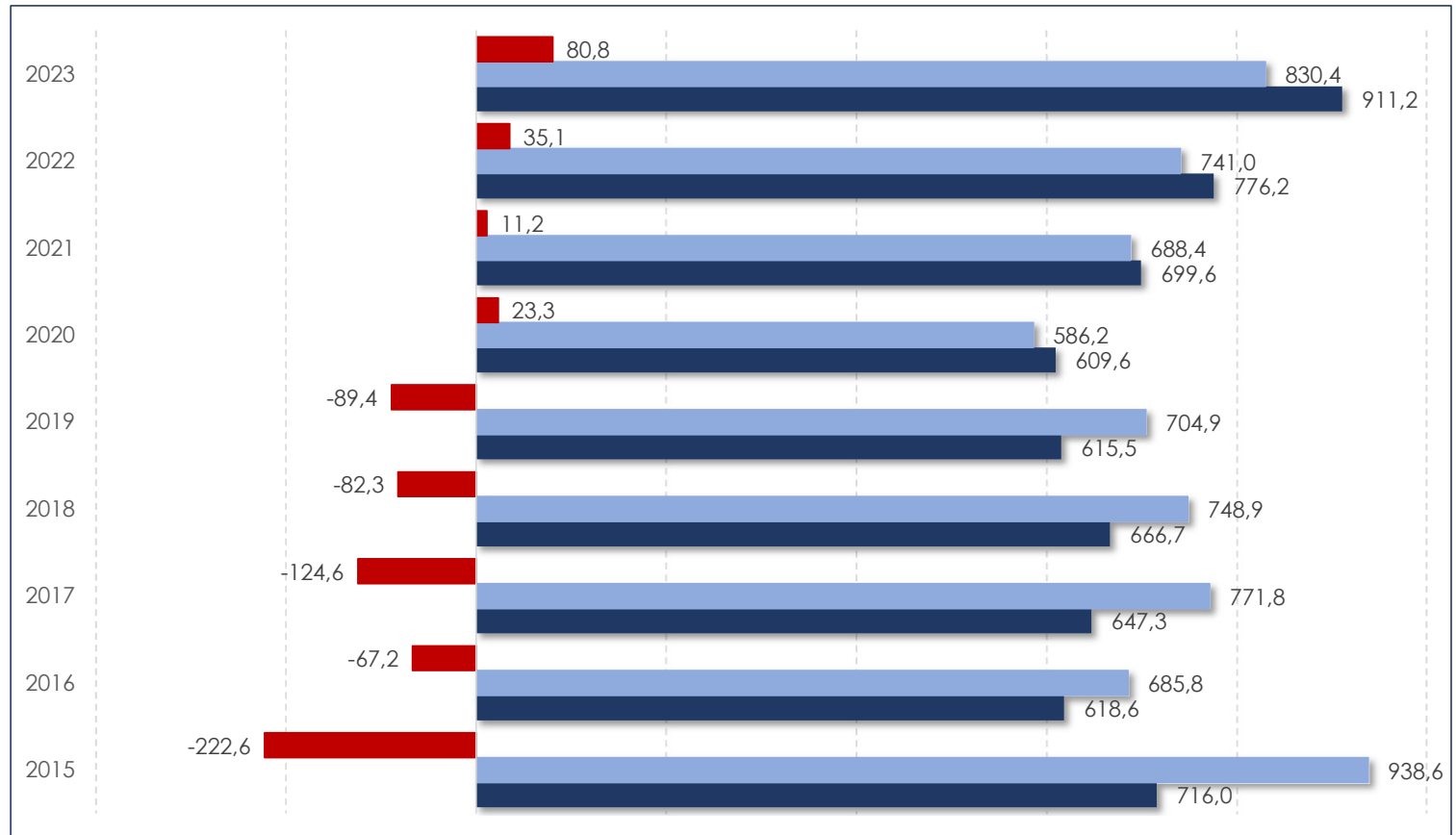
Federative Unit	AP	ES	MG	MS	PB	PE	PI	RJ
ICMS rate – <u>DE:</u>	25%	17%	12%	17%	17%	17%	25%	20%
ICMS rate – <u>PARA:</u>	29%	25%	25%	20%	18%	25%	27%	25%

Additional FECOP- Fund to Combat Poverty

Federative Unit	CE	GO	MG	MS	MT	PB	RJ	RO	RS
<u>Additional</u>	2%	2%	2%	2%	2%	2%	2%	2%	2%

Source: ABIHPEC in partnership with A2M Consultoria

Internacional Trade Balance January - December 2015-2023
 Brazilian Exports and Imports of CT&F (Amounts in US\$ million - FOB)



Source: ComexStat/SECEX-MDIC

Trade Balance Imports Exports

Brazilian CT&F Exports – TOP 15 By Country – January - December 2022/2023



Rk	Country	Value US\$ Millions FOB				Volume Mil Ton			
		2022	2023	Var (%)	Part (%) 2023	2022	2023	Var (%)	Part (%) 2023
1	Argentina	145,2	166,0	14,4%	18,2%	35,1	40,6	15,7%	17,2%
2	Mexico	86,5	99,5	15,0%	10,9%	15,3	15,2	-0,4%	6,4%
3	Colombia	82,6	94,0	13,8%	10,3%	16,1	15,9	-1,2%	6,7%
4	Chile	78,2	91,7	17,2%	10,1%	19,5	22,6	16,0%	9,6%
5	Paraguay	51,2	77,8	51,8%	8,5%	26,2	45,8	74,8%	19,4%
6	Peru	45,2	55,9	23,8%	6,1%	10,1	10,5	3,9%	4,4%
7	Uruguay	37,9	46,8	23,5%	5,1%	19,6	28,8	47,2%	12,2%
8	United States	36,3	34,6	-4,8%	3,8%	4,5	4,6	2,8%	1,9%
9	Bolivia	18,5	22,9	23,5%	2,5%	5,1	6,4	24,7%	2,7%
10	Portugal	23,9	22,7	-5,1%	2,5%	3,9	3,5	-9,3%	1,5%
11	Poland	2,6	22,1	748,1%	2,4%	0,2	2,4	1473,4%	1,0%
12	Venezuela	21,0	21,7	3,3%	2,4%	13,0	15,6	20,6%	6,6%
13	Ecuador	15,8	18,9	19,7%	2,1%	3,1	3,3	8,7%	1,4%
14	Panama	6,9	11,8	71,8%	1,3%	2,2	4,1	82,8%	1,7%
15	United Arab Emirates	11,3	8,1	-28,4%	0,9%	0,9	0,9	-6,8%	0,4%
Top 15		663,2	794,4	19,8%	87,2%	174,6	220,2	26,1%	93,1%
Grand Total		776,2	911,2	17,4%	100,0%	191,7	236,4	23,3%	100,0%

Source: ComexStat/SECEX-MDIC

Brazilian CT&F Imports – TOP 15 By Country – January- December 2022/2023

Rk	Country	Value US\$ Millions FOB				Volume Mil Ton			
		2022	2023	Var (%)	Part (%) 2023	2022	2023	Var (%)	Part (%) 2023
1	France	143,0	174,1	21,8%	21,0%	5,3	6,5	22,0%	7,3%
2	China	122,5	141,1	15,2%	17,0%	25,1	30,7	22,2%	34,5%
3	Spain	71,0	85,9	21,0%	10,3%	3,6	4,4	20,8%	4,9%
4	United States	63,8	79,4	24,5%	9,6%	5,7	6,5	13,0%	7,2%
5	Mexico	33,7	45,6	35,3%	5,5%	6,6	6,8	2,6%	7,6%
6	Colombia	28,5	27,2	-4,6%	3,3%	9,5	8,8	-7,5%	9,9%
7	Italy	20,9	25,9	24,3%	3,1%	0,8	0,9	18,3%	1,0%
8	Germany	16,0	22,7	41,7%	2,7%	2,4	3,8	56,1%	4,3%
9	Sweden	19,5	20,7	6,4%	2,5%	0,5	0,3	-28,4%	0,4%
10	India	21,1	19,6	-7,2%	2,4%	2,9	2,8	-4,0%	3,2%
11	Switzerland	28,7	18,2	-36,4%	2,2%	0,3	0,2	-26,0%	0,2%
12	Poland	11,6	18,2	56,2%	2,2%	1,1	2,3	106,0%	2,6%
13	South Korea	12,3	16,3	32,9%	2,0%	0,9	0,7	-21,0%	0,8%
14	Argentina	25,4	14,5	-42,9%	1,7%	3,1	1,2	-61,5%	1,3%
15	Canada	11,5	13,4	16,6%	1,6%	0,7	0,7	-3,2%	0,7%
Top 15		629,4	722,8	14,8%	87,0%	68,5	76,5	11,7%	85,9%
Grand Total		741,0	830,4	12,1%	100,0%	82,7	89,1	7,7%	100,0%

Source: ComexStat/SECEX-MDIC



Post-consumption responsibility Reverse Logistics

Since 2006, Dê a Mão para o Futuro (Give a hand to the future) Program promotes activities turned to the appropriate post-consumption destination of packaging, **providing job generation, income improvement and social inclusion.**

In 2023, the program gained a new visual identity. Dê a Mão Para o Futuro (Give a Hand to the Future) became **Mãos Pro Futuro (Hands to the Future)**. The modification brought a revamped presentation, with a change in the logo, a new institutional video, a more modern and interactive website and the creation of proprietary social networks.

In addition, it created **the Mãos Pro Futuro (Hands for the Future) Seal**, which aims to communicate to consumers **the percentage of recovery and proper disposal of post-consumer packaging placed on the market by participating companies.**

From 2013 to 2022, **966,345 thousand tons of post-consumer packaging were recovered and sent for recycling**, meeting annual targets established in the Packaging Sector Agreement

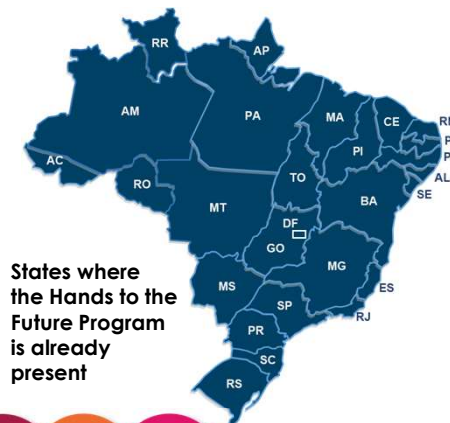
In 2022, the Program was present in **27 FUs** and **165 municipalities**, supporting **182** waste picker organizations that moved around **126 million reais** with the sale of materials for recycling.

6,019 cooperated collectors participate in the program

In 2019, recognized by the **UN - ECLAC (Economic Commission for Latin America and the Caribbean)** as a **Big Push Sustainability case in Brazil**. In 2021, it was selected again as a successful case and is highlighted in the report **“The Big Push for Sustainability and the dynamics of jobs: work in the context of the social and ecological transformation of the Brazilian economy”**.

In 2023 Mãos Pro Futuro won the **Social and Environmental Responsibility Award from the São Paulo City Council**. The award honored people and entities that contribute to the emergence of technological innovations aimed at preservation, qualification and respect for the environment, applied to environmental management.

www.maosprofuturo.org.br



The program operates on a model that directly attends 14 of the 17 SDGs:



Updated June 2023



de bem **com você**
A BELEZA CONTRA O CÂNCER



SAIBA MAIS



Social Responsibility

De Bem com Você – A Beleza Contra o câncer

The Program **De Bem com Você (Look Good, Feel Better)** brings **self-makeup workshops to patients under oncological treatment**, with the support from the Cosmetic, Toiletry, and Fragrances industry.

Today the program counts on **52 partner hospitals in 11 states, 31 municipalities** and, since the beginning (2012), the program served over **,50 thousand patients, involving over 150 volunteers.**

The program currently **offers in-person and virtual self-makeup workshops, and also via video-classes.**

In 2023, **6.422 womens were assisted in 691 workshops**, in addition to an agenda of **lives** with special guests who brought topics related to **oncology, self-esteem, self-care, beauty and well-being with over 1.800 people reached** on the official channels of the program.

In November 2023, the Men's Self-Care workshop began, with the aim of serving men undergoing treatment, thereby improving the self-esteem and emotional health of all beneficiaries.

Updated Jan/2023



Social Responsibility

Educação, Dignidade e Beleza - Childhood Brasil – Beleza Negra



The **Education, Dignity and Beauty** project aims to promote employability and entrepreneurship. In 2023, it supported four institutions: **Instituto Profissionalizante da Mangueira (RJ)**; **Crescer Sempiternum Associação (SP)**; **Banco da Providência (RJ)**, **Casa do Menor São Miguel Arcanjo (CE)**.



Saiba Mais

Childhood Brasil, which has been supported by the **ABIHPEC Institute** since 2017, works to guarantee the defense of the rights of children and adolescents with a focus on preventing and confronting sexual violence. Promotes related terms on social networks. In 2023, from January to November, more than 33 million people viewed Childhood Brasil content on social networks (Instagram, Facebook, LinkedIn).



The project aims to develop affirmative actions aimed at promoting greater equity and racial representation in the beauty sector. It was born from the initiative of the **CPDCN – Participation Council, Development of the Black Community of the Secretariat of Justice and Citizenship of SP**, with support from the extinct **CORES – Social Responsibility Committee of FIESP**, technical support from **SEBRAE – SP** and coordination of the **ABIHPEC Institute**.

Among the actions promoted, the following stand out: The training of black entrepreneurs in the beauty sector, aiming at their professional development and the improvement of their businesses; support for black people in professional training courses in the **Personal Hygiene, Perfumery and Cosmetics** sector; actions to promote greater representation of black people in management positions in companies in the sector, among others.

In the year 2023 we offer 3 scholarships in the olfactory evaluators course at Paralela Escola Olfactory with French methodology.





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