



VALERIE KAMINOV – BIOGRAPHY

Having spent over twenty years working with a vast array of luxury, premium and niche beauty brands and fragrances, Valerie has extensive knowledge and practical experience of their supply, distribution and retail, pertinent commercial practices and consumer habits on a global and local basis.

Her expertise has been highly valued by multi-national organizations, SMEs, start-ups, privately owned companies and financial investors.

Certified in Corporate Governance from INSEAD Business School, Valerie has the remarkable ability to successfully set the company's strategic direction, often across diverse product markets and geographies, and monitor the firm's risk profile.

As a qualified Non-Executive Director who was awarded the prestigious Financial Times Post-Graduate Diploma, Valerie Kaminov is highly trained in corporate governance and is an experienced NED and Director enabling her to have an holistic understanding of boards. She advises both as a consultant and an NED.

Valerie's experience earned her a reputation with major players in the industry who hired her to establish them globally.

Her expertise in brand evaluation, acquisition due diligence, risk assessment and commercial growth has been highly valued by Private Equity Funds, multi-national organizations and financial investors.

She is also dedicated to passing her knowledge along through a range of conferences and events.

Valerie has been a guest speaker at the non-profit organization CEW' Mentoring Services where leading executives offer insights into beauty industry issues and inspiration for professional growth.

As the International Manufacturers & Distributors Forum (IMF) Master of Ceremony, Valerie organizes one of its kind conference in Europe, key global gathering for manufacturers, brand owners and distributors to come together and discuss the challenges facing the industry and their businesses by giving the attendees unlimited networking opportunities.

BREXIT

What's Next?

Beauty Companies Should Get Ready for a Hard Exit

On June 23rd, 2016, the Brexit Referendum took place in the United Kingdom and Gibraltar to ask the people if they wanted the country to either remain a member of or to leave the European Union. More than 30 million people voted with 51.9% wanting to get out. Brexit sent stock markets plunging and hammered the British pound, which hit its lowest point in decades as a result. Such seismic news has left many entrepreneurs questioning what the change could mean for their livelihoods and the survival of their business. The seismic news has left them pondering their future. What will Brexit mean for your business, exports and employees? Will it slow down your business or boost it? Brexit talks have been a hot topic of debate since June 2016.

The campaign was filled with unanswered questions and speculation has been inevitable during the past two years. With Brexit negotiations coming to an end on March 29th, 2019, many beauty and personal care companies are going to face major setbacks regarding product availability in the United Kingdom. Such companies often do not have manufacturing bases in the country, which could have a massive effect on their business after the Brexit deal. It's still unclear what the consequences will be and how exactly they will affect businesses. However, specialists are currently speculating that it will affect everything from big businesses to scientific research and even beauty shopping.



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The single market gives Britain access to over 500 million potential customers, an economy five times bigger than the UK's with common regulations and no tariffs, ensuring ease of trading across the single market. Britain is also the fourth largest market worldwide for French perfumes and cosmetics, and it is its second largest European market, after Germany, with sales of over EUR 1 billion each year. With Brexit, the UK is likely to see the introduction of trade barriers and the imposition of tariffs. However, quantifying the impact of Brexit remains tough. L'Oréal Paris has always been one of the most trusted companies in the beauty industry. Even powerful groups like the said company are currently facing issues involving the ongoing Brexit deal. It was recently revealed that they have been trying to stock up most of their products in United Kingdom to best prepare for when the country officially leaves the EU. According to CEO Jean-Paul Agon, the company has been processing all the necessary documents in order to speed up the delivery process from their distribution centers in France all the way to the UK before

the government finalizes the deal. As Agon also said, L'Oréal wants to be prepared for the worst, especially in case of a no-deal situation. The company is currently processing the paperwork needed to smooth truck deliveries of its products between France and Britain. The UK is one of its biggest markets in Europe for skincare products, along with other countries in Asia. But since the Brexit plans were first announced, the market has faced a downturn. L'Oréal is not the only company in the beauty business preparing for the massive change happening in the country and across the EU. Eponym brands like Burberry have also been preparing for future increase in trade tariffs. Some other big European cosmetic companies have yet to make a statement regarding the issue mentioned above – stay tuned for more information soon. The EU has published guidance on the cosmetics and beauty products regulation to help businesses navigate in clearer waters after Brexit. In case of a no-deal, the EU regulation will no longer apply to the UK starting March 29th, 2019. The industry has been preparing for a no-deal Brexit with companies scrambling

to set up legal entities in both the EU and the UK to keep business going as usual. Should the UK sign off on the proposed exit plan, EU regulations will be subject to a transition period. European cosmetics regulations are considered amongst the most rigorous in the world. It is very unlikely that the UK will adopt different ones immediately but will eventually have to come up with local regulations that beauty companies, including yours, will have to abide to. A no-deal Brexit, on the other hand, would see Britain leave the EU without a formal agreement on the future trade relationship with member countries of the bloc. Since June 2016, consumers have been expressing concerns about the EU's ban on animal testing. In fact, the Lisbon Treaty includes recognition that animals are sentient and can feel pain. Ever since the signature of this treaty, animal testing for cosmetics has been illegal in the EU. While the ban has remained in place as long as the UK was still a member of the EU, it is not clear whether this could be strengthened or weakened following withdrawal from the trading group on the 29th of March.



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The CTPA stressed that the ban is unlikely to be dropped. In fact, the UK cosmetics industry voluntarily abandoned animal testing seven years ahead of the EU-wide ban. Cosmetics companies operating outside of the EU also have to comply with the ban in order to trade within the region making it less likely that any new legislation would reverse the previous one. However, on November 2017, the UK Government came under intense criticism after it voted that "animals don't feel pain or emotions" and animal sentience should not be regarded. But what does this exactly entail for animal testing? Will animals be in danger after Brexit? At the moment, consumers can rest assured that beauty products produced in the UK are not tested on animals, because cosmetic animal testing has been illegal for a long time – the UK being seven years ahead of UE ban, although many beauty companies still test on animals overseas in China, so it's not always clear if a product is completely cruelty free or not.

Michael Gove, British politician has responded saying the Government is committed to "making the United Kingdom a world leader in the care and protection of animals." Shortly after Brexit was voted, the CTPA - The Cosmetic, Toiletry & Perfumery Association - released a statement reassuring concerned British consumers: "the UK decision to leave the EU does not alter the strict safety laws that govern our cosmetic products." One of the possible advantages of Brexit means that the UK will be independent and able to make its own decisions without having to get approval from the EU. New regulations could be easier to pass, with charities such as Cruelty Free International only having to convince the UK, rather than 28 countries. Brexit could be a great opportunity for the UK to become one of the global leaders in cruelty-free research. Nonetheless, the beauty industry should prepare for the worst and act quickly. The said industry should expect production, distribution and wholesale to be

heavily impacted by the UK exit from the EU. Access to the EU market, U.K. market and all current goods available is at risk. Once the UK leaves the Union, around 20,000 regulations will have to be transferred to the UK law, including the EU Cosmetics Regulations. Beauty companies must remain prepared for new regulations to appear anytime in the near future. They must remain informed at all times on the current and new legislations that could emerge. As quickly as possible, your business should:

- 1/** Carry out a self-assessment of the impact of Brexit on your activity.
- 2/** Identify the measures to be taken.
- 3/** Check their supply chain and alert their subcontractors.
- 4/** Implement the measures identified as soon as possible.

Additional customs procedures will seriously disrupt logistics flow but other issues also need to be anticipated. Your business must prepare for the following and be able to react promptly:

- 1/ You should appoint a Responsible Person in both the EU and the UK.
- 2/ Be ready to update your products labels to feature an address in the UK for products from the EU and an address in the EU for UK products.
- 3/ Re-issue notifications to the Cosmetic Product Notification Portal, since those made via the UK will no longer be valid after Brexit. EU companies will have to notify the products to the new British Portal.
- 4/ Understand that in the future, the status of ingredients will be decided at UK level. By March 29th, 2019, the UK Government should have introduced new laws trade in preparation for a post-EU existence. The outcomes of the trade negotiations will effectively determine the long-term success or failure of the UK's exit from the European Union. In anticipation of a post-Brexit world, your brand should be fully aware of the potential changes if you sell in or to the UK.



The UK goes for the same model as Switzerland and would not be a member of the European Economic Area (EEA)



The UK goes for the same model as Norway, Lichtenstein or Iceland and could apply to be part of the EEA



The UK negotiates its own model and will very likely adopt a closely harmonized version of the EU Cosmetics

The beauty industry should prepare for the worst and act quickly: 3 potential scenarios

SCENARIO 1: THE UK GOES FOR THE SAME MODEL AS SWITZERLAND

In this case the UK would not be a member of the European Economic Area (EEA), but would be a member of the European Free Trade Association (EFTA). In order to facilitate trade with Europe, the UK would have to harmonize parts of its legislation with that of the EU, just like Switzerland did. What would this mean concretely? Your business would still need to comply with the EU Cosmetics Regulations in general, although the UK would have to draft its own legislation. These new laws may take years to be written and approved. Cosmetics legislation would very likely take a back seat to other more urgent pieces of legislation. If your business trades with any of the other countries

in the EEA, then it will still need to comply with the EU Cosmetics Regulations. But your business may need to have a local presence in the EEA in order to have a 'Responsible Person' registered for your business.

SCENARIO 2: THE UK GOES FOR THE SAME MODEL AS NORWAY, LICHTENSTEIN OR ICELAND

The UK may seek to apply to join the European Economic Area Treaty in order to still be able to trade with the EU under existing legislation. The other countries in the European Economic Area comply with the EU Cosmetics Regulations that are harmonized with the cosmetic laws in EEA countries. This would scenario mean for UK-based cosmetic businesses that they would still need to comply with the EU Cosmetics Regulations, they would still need to register a "Responsible Person" to sell their products and they would still need to notify the authorities through the central EU Cosmetic Products Notification Portal. In other words, nothing would change, and your business would still need to comply with the current EU Cosmetics Regulations.

SCENARIO 3: THE UK NEGOTIATES ITS OWN MODEL

If the UK is able to successfully negotiate its own model, it is still extremely likely that it will adopt a closely harmonized version of the EU Cosmetics Regulations. The UK's trade with the EU will be high up on the agenda of any future negotiations and any legislation which facilitates that trade will be likely to remain on the table. Economists might have predicted chaos if the UK left Europe but the two months following the referendum, the beauty industry saw a boom. With British people flocking to spas with appointment bookings for massages, scrubs, wraps, steams, and facials filling up. Brits are seeking momentary respite from the chaos. With the country's future looking hazy, a tension-relieving treatment helps mitigate emotional stress and provides a confidence boost. This navel-gazing reaction to economic discomfort is known as the Lipstick Effect, a term coined by Leonard Lauder after the 2001 terrorist attacks when the sales of beauty products rocketed despite economic uncertainty. Cash-strapped citizens

are more likely to invest in minor, short-term luxuries such as lipstick which has the power to immediately transform your day. According to Euromonitor International, the future of post-Brexit could be challenging but the extent of the impact will depend on industry players' exposure to the UK. Euromonitor predicts that by 2020 the UK market for beauty and personal care could well be US\$205 million smaller in value terms (and at 2015 prices). A mixture of higher operational costs and lower consumer spending could result in the premium segment being hit hardest. Consumers are likely to trade down, and the industry may have to scale back its premiumization efforts. It will very likely take years for the UK to untangle itself from the EU. We have no idea yet what will happen on the political front. Until something is decided and things change, it's business as usual. For British shoppers, luxury spending has already started to drift towards smaller luxury purchases, like beauty. The luxury beauty sector has doubled in growth post-Brexit, with sales up 6% in the three months following the referendum but times of uncertainty are ahead. The latter represents a real risk. Will the UK become a member of the European Free Trade Association like Switzerland? Will it join the European Economic Area (EEA) like Iceland, Liechtenstein, and Norway and hence maintain the free movement of goods, services, capital, and labor? Uncertainty means upholding high levels of customer service, communication and craftsmanship will be essential for niche and luxury brands if they want to stay profitable. Companies that display a sense of purpose and commitment to social and environmental good will stand out from the competition, earning the respect and trust they need to keep shoppers confident and happy to spend. One thing is for sure: creative brands with unique selling proposition will continue to be successful. Economists might have predicted apocalyptic chaos if the UK left Europe, but since Britain voted out, the beauty industry has been booming. Will this trend follow or slow down? As of today, many questions remain unanswered but bear in mind that the price-efficacy value equation will become crucial more than ever and quality will become non-negotiable. In any case, the beauty industry will cope.