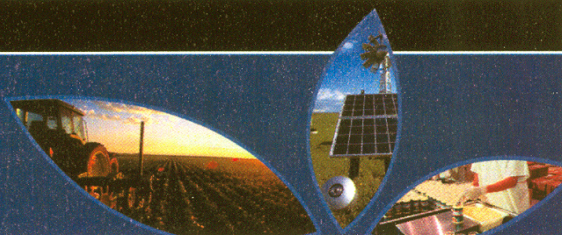


COSMETIC INDUSTRY CONNECTS NEWSLETTER

Issue 10

April 2008



Specialty Chemicals for the cosmetic & personal care ingredients industry

Welcome!

We proudly present the Tenth Edition of “**Cosmetic Industry Connects**”, the official newsletter of the Specialty Chemical Ingredients Initiative (SCI), a collaborative effort led by Alberta Agriculture & Rural Development, which includes local industry, research institutions, industry organizations, growers, major industry players and service providers. Our goal is:

“Helping to build a globally competitive natural cosmetic and personal care ingredient industry in Alberta.”



Taiga Bioactives Inc.

Calgary-based Taiga BioActives Inc. is a specialty natural products company that today is marketing two brand name products, Korner's Cold Sore Remedy™ and Dr. Krane's KoolLips™ Cold Sore Treatment, based on its geranium technology platform. The natural active derived from geranium has a long history of safe and effective use in the treatment of cold sores. Extracts from the Geranium plant had been used for centuries in the mountainous regions of Bulgaria, Turkey & the Highlands of Scotland and by numerous North American Native cultures. These extracts were first used to tan hides, but its medicinal benefits soon came to be held in high repute for its “astringent” properties (i.e. the constriction of tissues to stop surface inflammation, distension secretions, and minor surface bleeding).

This historical data is complemented by a vast body of modern scientific evidence showing that chemical compounds such as tannins and polyphenols present in medicinal plants such as Geranium contain antiviral and in some cases antibacterial activity, which act

synergistically to achieve a significant viral inhibitory effect. Taiga has independently confirmed that its geranium extract protects human cells *in vitro* against HSV-1 infection, providing a 25-40% increase in cell viability.

With the approval of Korner's and KoolLips by Health Canada's Natural Health Products Directorate as an OTC drug, Taiga is poised to become the leader in the cold sore treatment category with its natural active ingredient with proven antiviral activity targeting the cause of cold sores (HSV-1).

The Korner's Cold Sore Remedy™ is distributed by Purity Life Health the largest distributor of natural products in Canada and can be found in the natural section of Shoppers Drug Mart and Natural Health stores across the nation. Sales of Korner's Cold Sore Remedy have steadily increased since launch into the natural segment in 2005, reflecting high consumer satisfaction with Korner's and increasing consumer demand for natural health products that work. The natural segment is the fastest growing segment of the U.S. health and beauty care market, growing at double-digit annual growth rates (16.8%) and reaching \$7.3 billion in sales in 2007.

Building on the success of Korner's in the natural segment, the Company is launching its new brand Dr. Krane's KoolLips™ into the mainstream health and beauty market, significantly expanding the market potential for its cold sore treatment. Taiga has plans to develop both brands simultaneously in different channels, while expand its portfolio of products into other OTC and health and beauty care segments leveraging the efficacy of its geranium extract for treatment of other oral and skincare conditions.

**Love of beauty is taste. The creation
of beauty is art.**

-- Ralph Waldo Emerson

“Companies like Taiga are wonderful examples of Alberta's growing cosmetic and personal care industry” says Kathy Lowther, Leader of the Specialty Chemical Ingredients initiative. “It is fantastic to see more and more companies such as Taiga in the market with new and innovative products.” stated Lowther.

“Helping to build a globally competitive natural cosmetic & personal care ingredient industry in Alberta.”

Taiga's corporate headquarters, packaging and distribution operations are located in Calgary, Alberta. Manufacturing, product development and regulatory, sales and marketing are executed through an established network with specific expertise and capabilities. Together with its professional network, Taiga is creating a portfolio of natural health products that are grounded in good science and delivering real consumer benefits.

"We are excited to be part of the personal care industry in Alberta and fully support the efforts of the Specialty Chemical Ingredient team of Alberta Agriculture and Rural Development" stated John Hiebert, President and CEO of Taiga. "We are also proud to be part of the Strategic Advisory Group that provides industry input into the direction of the SCI initiative" added Hiebert.

Taiga website: www.taigabioactives.com



TAKE HOME MESSAGES FROM NATURAL PRODUCTS EXPO WEST/SUPPLY EXPO 2008

Specialty Chemical Ingredient Initiative's, (SCI) Kathy Lowther, (Team Lead) and Donna Fleury, (R&D Lead) were among the record 52,000 industry professionals, retailers, manufacturers and functional ingredient suppliers who attended North America's largest natural, organic, and healthy products trade show, Natural Products Expo West/Supply Expo (NPE-W) 2008, (www.expowest.com), in March.

Purpose of the trip was to build on the SCI's growing network of contacts and key stakeholders, facilitate discussion for investment attraction purposes, collect research and access timely market intelligence on new and emerging trends (cosmeceutical, new product development, ethical, sustainable and fair trade) and regulatory information in the natural and organic ingredients markets.

Lowther was impressed with the substantial increase in natural and organic personal care exhibitors, and estimates at least a 3 –fold increase since she last attended NPE-W in 2004.

N&OPC Market

For 2007, the Nutrition Business Journal (NBJ) puts the US Natural and Organic Personal Care (N&OPC) market at \$7.3 billion, or almost 15% of the total health and beauty market. This market is growing at a remarkable rate of 16.7% annually, compared to just 1-3% for the mainstream health and beauty market. NBJ predicts that sales in 2017 of N&OPC will total \$22 billion, with an average growth of 12% or more in most categories.

The market for N&OPC continues to expand, with mainstream companies like Chlorox stepping in to the lead with the recent purchase of Burt's Bees, and the launch of their Green Works products. Along with a priority for natural and organic products, consumers are expecting these companies to be sustainable and environmentally friendly throughout the product lifecycle, from purchase, processing, packaging and recycling to long-term impacts on humans and the environment. And don't forget about ethical, ecological, fair trade and other socially responsible commitments.

A large, hand-drawn style speech bubble with a tail pointing towards the bottom left. Inside the bubble is a quote in blue text.

"People are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps."

Mary Kay Ash

Exactly What Is Natural and Organic?

Across North America, and globally there is a lot of industry and consumer confusion around standards and claims of natural and organic cosmetic and personal care products. The current National Organic Standards in both Canada and the US are approved for organic food products only. However, a couple of industry initiatives in the US are trying to bring about standards to raise the bar and improve the quality of products labeled organic and natural.

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Take Home Messages Continued



In March 2008, **OASIS** (Organic and Sustainable Industry Standards) announced the first organic standard for the US beauty and personal care market. Supported by 30 founding members, including leading companies such as Aveda, L'Oreal, Cognis, Hain Celestial, among others, the goal of OASIS is to bring clarity to consumer confusion around organic product claims - with a certification seal that will become the internationally accepted seal representing verified Organic standards for personal care.

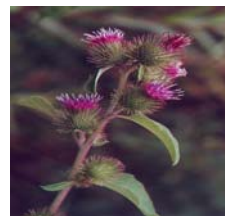
At launch time, OASIS will require 85% certified organic content - which will likely increase as "green chemistry" continues to evolve. **ECOCERT**, the current prevailing European standard and certification is predicated on a minimum of 10% certified organic content.

Another standard, the **NSF 305 Organic Personal Care Product Standard**, is under development in the US. This is a voluntary, consensus standard developed by a balanced stakeholder committee. The primary purpose is to define requirements for products that do not meet USDA organic food requirements. The standard provides guidance on certification practices. It is not a proprietary labeling system, and can be used by multiple certifiers.

LINKS:

<http://www.oasisseal.org/>
<http://www.ecocert.com/-Cosmetiques/.65-.html>
http://standards.nsf.org/apps/group_public/document.php?document_id+263

Beauty is not caused. It is!
- Emily Dickinson



Burdock: [Arctium minus](#)
Photo credit: Dan Tenaglia,
www.missouriplant.com.

SCI STRATEGIC ADVISORY GROUP MEETS

On April 9th the SCI Alberta Strategic Advisory Group met to hear an update on the initiative's progress, to discuss collaborative opportunities and to provide input into how the team can assist them in reaching their goals and help the industry grow and prosper in Alberta. The meeting, held by videoconference from Alberta Agriculture and Rural Development's offices in Airdrie and Edmonton was very well attended and a great success. "The SCI team relies heavily on the advice and direction of our strategic advisors" stated Kathy Lowther, Team Lead. "They represent an invaluable connection to the market and without their support we would not have been able to make the excellent progress we have over the last few years. We are very grateful that the members take time from their busy schedules to work with us" advised Lowther.

The Alberta Strategic Advisory team members are:

- *Dr. Nancy Ames*, Agriculture & Agri-Food Canada
- *Eveline Charles*, Eveline Charles Salons & Spas
- *Simone Demers Collins*, Alberta Canola Producers Commission
- *Dr. Thomas Facklam*, Institute for Food and Agricultural Sciences Alberta (IFASA)
- *Richard Gibson*, Alberta Research Council
- *John Hiebert*, Taiga Bioactives Inc.
- *Dr. Paul Kolodziejczyk*, Olds College School of Innovation
- *Erik Larsen*, International Labs (Canada) Ltd.
- *Heather Loepky, Ph.D.*, Alberta Agriculture & Rural Development
- *Nancy Markley, Ph.D.*, Tech Avenue Ventures
- *Dr. Suresh Narine*, University of Alberta
- *Marty Newcomen*, Newco Natural Body Care
- *Natash Prives*, VADA
- *Dr. Mark Redmond & David Fielder*, Ceapro Inc.
- *Dr. Hugh Semple, D.V.M., Ph.D.*, Alberta Research Council
- *Dwayne Smith*, Grainworks Inc.

The FAQ's Ma'am, only the FAQ's!
Each issue we will publish FAQ's as part of our ongoing effort to ensure those interested in our project are provided with as much information as possible.

Does the SCI team set specific targets?

The team establishes specific and aggressive goals at the beginning of each year in order to maintain focus on key priorities and to be able to measure progress. The team is proud that a review of outcomes against each of the targets set by the team over the past 3 years revealed that they have reached over 90% of the goals set.

Twice a year the team members meet to review progress against their goals and to develop specific strategies that drive toward goal achievement. The SCI team believes strongly in outcomes and utilizes its limited resources in order to maximize results.

* * * * *

Related Industry Links:

AVNET (The Agri Value-Added Investor Network):
www.avenetonline.ca

Cosmetics Design Europe:
www.cosmeticsdesign-europe.com

Household and Personal Products Magazine:
www.HAPPL.com

Organic Monitor:
www.organicmonitor.com

The Centre for Professional Advancement – Cosmetics Research and Product Development Training
www.cfpa.com/cosmetics-training

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Cosmetic Corner

The History of Cosmetics

Rouge is a cosmetic typically used by women to redden the cheeks so as to provide a more youthful appearance, and to emphasize the cheekbones.

Historically, rouge was used as early as in ancient Egypt. It was also applied on the lips, the way lipstick would be used today. In some times and places, both men and women wore rouge, such as during the Regency period in England. In Britain's Victorian Age, when wearing makeup was associated with low morals, ladies resorted to pinching their cheeks (and biting their lips) to make them appear red instead.

Various substances have been used as rouge. In ancient Greece for example, crushed mulberries were favored, while red beet juice and crushed strawberries have also been used. In modern times, rouge generally consists of a red-colored talcum-based powder that is applied with a brush to the cheek. The coloring is usually either the substance of safflor (the petals of safflower), or a solution of carmine in ammonium hydroxide and rosewater perfumed with rose oil.

Watch for the next edition of the "Cosmetic Industry Connects" to learn more about the History of Cosmetics.



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