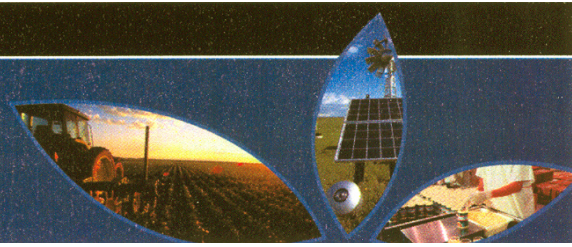


COSMETIC INDUSTRY CONNECTS NEWSLETTER



Welcome!

We proudly present the Eleventh Edition of “**Cosmetic Industry Connects**”, the official update of the Specialty Chemical Ingredients Initiative, 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.”



Farewell to Maxine Hutt

It is with mixed emotions that we say farewell and good luck to Maxine Hutt, our SCI Team Project Coordinator who retired September 30th, 2008. We are thrilled that Maxine will be able to enjoy her retirement, but sad that we will no longer have the pleasure of working with her. For many years she "sweat the administrative details" for our team contracts, budgets and communication pieces. She was the main contact to many of you through our Strategic Industry Advisory Group meetings or the friendly voice on the phone and your connection through e-mail.

On numerous occasions, Maxine went well above and beyond the call of duty. Her significant contribution had a direct and incredibly positive impact on the success of our team. Congratulations, Max on your well deserved retirement - we will miss you!



Newco Natural Body Care

Newco Natural Body Care, founded by Marty Newcomen, President and CEO in 1996, is a Calgary based personal care product manufacturing and distribution company. The company is founded on innovation, and are dedicated to creating the highest quality, safest, most effective natural skin care products available.

From a small investment into 4 products, Newcomen has grown the company to 4 full-time staff, over 85 sku's and larger facilities. “I started with Certified Organic Tea Tree Oil based products from Australia, and even today, they are still my number one sellers out of 85 products,” says Newcomen. “By capturing some market trends in the process, the sales and revenue definitely made the difference towards building Newco Natural Body Care.”

Along with his ambition, passion, energy and drive, Newcomen credits his success to offering the right products in the right market at the right price. Newcomen spent the first 6 years continuing to work full-time in his regular job, and the rest of his time building his business. By reinvesting those early profits back into the company, he was able to expand the company with more

products, more employees and a bigger warehouse. Newcomen thanks everyone who supported him along the way.

Newco ships direct to over 300 stores, and also works with a network of Canadian distribution companies, including: Purity Life Health Products/Sunopta, EcoTrend Ecologics Ltd, Corwin Distributors, Greenline Distributors and Country Connections Inc. "It's important to diversify in any economy and in any business, never put all your eggs in one basket," advises Newcomen. "Giving all your business to any one entity could be a formula for putting your company out of business." Newcomen also believes personal contact with customers and showing them how important they are to your business is a must.

Most of Newco's products are natural personal care, but a handful of products have therapeutic claims and are registered with either a NPN or DIN number. "Although I believe it's important to have a process to ensure products meet label claims, the current regulatory process to get these products to market is very expensive and time consuming." Delays to getting products into the market are costly.

"We need to be making more botanical extracts and other natural ingredients, and making our economy more diverse."

For Newcomen, developing good natural products using better technological ingredients and more natural and environmentally friendly processes is fundamental. "Consumers are looking for more natural and healthy personal care products and foods, and want a cleaner and safer environment," says Newcomen. "We have a team that works together on product development, including Keith Kadonaga, Newco's Director of Marketing and Product Development, International Labs Inc. and

myself. Bringing a diverse team together results in better product innovation." Newco also develops products for private label.



Newco Natural Body Care Team L-R: Jenn Wigg (Office Coordinator), Laurie Lanes (Production Manager), Marty Newcomen (President & CEO), Keith Kadonaga (Director of Marketing & Product Development)

Newcomen would like to see more local natural ingredients available for the manufacturing of skin care products. "Since Alberta has all the natural resources, we need to be making more botanical extracts and other natural ingredients, and making our economy more diverse. Alberta and Canada are recognized for good quality products, and we need to continue developing high quality products to advance global demand." www.organicteatreeoil.com



16th Annual HBA Global Expo & Educational Conference 2008 Highlights
Specialty Chemical Ingredients Initiative Leader **Kathy Lowther** and R&D team lead **Donna Fleury** had the opportunity in September to attend HBA Global Exposition and Educational Conference in New York City. More than 16,200 industry executives attended HBA, the largest product development event for the personal care, fragrance, well-being and cosmetic industries. HBA has come to be the global forum for offerings in technical solutions and ingredients – brand development, marketing concepts, packaging design and delivery systems – as well as resources that are sustainable, recoverable and natural.

HBA featured an extensive educational program - with over 50 sessions and 200 speakers, addressing a wide range of marketing, product development and business strategy topics.

Educational Program Highlights:

- Natural/Alternative Preservatives
- Natural/Organic Standards and Regulation Development
- New Botanicals/Formulation Trends
- Consumer Trends in Naturals

Technical Program: delved into alternative preservatives, sustainable and natural resources, functional and renewable ingredients, certification issues, and more to help the cosmetic and personal care industry capitalize on the changing dynamics of consumer habits. Several sessions focused on the challenges of natural and organic standards. Here are a few highlights:

- **Dr. Lambros Kromidas**, Vice-President – Product Integrity, Jedlicka Design, discussed some of the different natural and organic standards. Companies may consider different certifications for different markets:
EcoCert www.ecocert.com
USDA organic www.ams.usda.gov/nop/
BDIH www.kontrollierte-naturkosmetik.de/e/index_e.htm
UK Association of Organic Agriculture www.soilassociation.org/certification
Ecoflower/Ecolabel ec.europa.eu/environment/ecolabel/index_en.htm
- In the interest of clearing up consumer confusion on the use of the term ‘natural’ in personal care, the **Natural Products Association (NPA)** has launched a standard and corresponding seal in July 2008. A self described “Community of Brothers” - Burt’s Bees, Badger, Weleda, Aubrey Organics and Farmasthetics - worked together to determine what ‘natural’ is under

this standard. For more information on the essence of the NPA Standard for Natural Personal Care, go to: www.naturalproductsassoc.org

- **Darrin Duber-Smith**, President of www.GreenMarketing.net, identified the challenges of defining natural. He mentioned that the USDA has ruled they will NOT be providing a definition for ‘natural’, but they are working on ‘green’.
- **Manfred Axterer**, Global Director – Cosmetic Ingredients, Symrise, Inc. presented a session entitled: “*Formulating with Natural Extracts: An Unrecognized Approach to Adding Cosmetic Activity Value*”. He addressed the real challenge to develop a cosmetic product which is formulated using only natural ingredients and yet, has the same quality standards as a “traditional” product. He found that natural extracts, if derived in the right way, can deliver a cosmetic activity to the final product, as well as increasing its level of organic, natural materials. For more information on their new efforts, see: *Symrise to Invest in Green Cosmetics* http://investor.symrise.com/english/news/press-releases/newsdetail.html?tx_ttnews%5Btt_news%5D=328&tx_ttnews%5BbackPid%5D=479&cHash=606d7c169a

The use of **alternative preservatives** has become a critical area for personal care formulators especially because of the recent negative press on common preservatives like Parabens and IPBC.

- **Donald English**, PhD, Senior Manager – Microbiology, Avon “*Considerations in using Alternative Preservatives*” gave a

very good synopsis. Non-traditional preservatives used as boosters allows the formulator to use the traditional preservatives at lower levels.

- **Andrea Wingefeld**, Technical Business Manager – Preservatives, ISP Corp., discussed mild preservatives (broad spectrum, uncontroversial actives, low irritation, reasonable use level.) Presentation: www.bluhm-duesseldorf.de/wp/wp-content/uploads/2008/05/webinar-isp-biochema-schwaben-2008.pdf
- **Chris Nichols, EU** “*When is a Preservative Not a Preservative*”, talked about multifunctional ingredients (e.g trembling aspen bark) and the phytocide extract which is effective against molds, yeast, bacteria. It has a “remarkable broad spectrum kill of bugs”.

Naturals Program: addressed the latest insight and consumer trends into a new generation of products and services that target well-being and beauty in addition to environmental and green economy issues which are increasingly important to today’s society.

- In the session *Going Green Gets Going*, **Alisa Marie Beyer**, President and Founder, The Benchmarking Co. (TBC), a research and brand strategy firm, identified that consumer demand for natural and organic beauty brands may just be the single most important issue to impact the beauty industry in its history. For more details on *The Age of Naturals* report: www.BenchmarkingCo.com.

Another interesting article: *Consumer Interest in Organic, Cosmeceutical Products Rising*
<http://www.naturalproductsmarketplace.com/hotnews/81h2116121585053.html>

- **Paul M. Flowerman**, President, P.L. Thomas, www.plthomas.com, discussed the hottest developments and trends in natural products for cosmeceuticals and nutricosmetics markets. Cosmeceuticals are topical whereas nutricosmetics are ingested with cosmetic benefit. Nutricosmetics is an emerging product category that refers to innovative ingestible products that are marketed specifically for beauty benefits. Nutricosmetics are shaking up traditional boundaries between nutrition and personal care.

The **HBA Marketing Program** offered sessions on sustainable packaging and the business opportunities from Middle East, Latin America, India, China, and Russia markets as well as a focus on new ingredient developments and product discoveries.

- **Sterling Anthony**, Packaging Consultant “*BioPlastics Packaging: Deciding if it Suits your Product*”, suggested these questions to ask:
 - Is the BioPlastic 100% biobased?
 - Is a bio and petroleum blend OK?
 - What % should there be?
 - Is Bio always greener?
 - What are the resin categories?
 - What is the size and forecast of the industry?
 - Don’t assume BioPlastics have the inherent green value

www.worldchanging.com/archives/009145.html

- **Ken Reese**, Vice President - Sales and Marketing, Parallel Products gave a very interesting presentation on “*Turning your Health & Beauty into Environmentally Friendly Products.*” He talked about

addressing waste issues from cosmetic product manufacturing – consider recycle, recover and reuse where possible to reduce costs, regulatory expectations and improve bottom line and image. He also mentioned that some wastes derived are easily reusable, such as fuel grade ethanol that could go into a biofuels stream instead of costly waste disposal. www.parallelproducts.com

Complementing the educational agenda was an **exhibit floor** showcasing a full spectrum of products and services, including: private label, contract manufacturing, prestige and mass market packaging components, delivery systems, design houses, raw material and ingredient suppliers – including natural and organic, analytical and testing devices, biotechnology processes, nutraceuticals, cosmeceuticals, nutricosmetics, and senso-cosmetics.

Kicking off the expo was the **keynote address** delivered by **Nicholas Perricone, MD**, a skin care pioneer who founded a leading company in the dermatologist skin care segment. Dr. Perricone illustrated the variety of factors that cause inflammation, including pro-inflammatory diets, the environment, immune system, ultraviolet light exposure, hormonal changes, and stress.

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

Why does the SCI team focus on cosmetic ingredients?

The team studied the market structure to determine what we believe is the optimal approach. The cosmetic and personal care industry, while global in nature, is built upon a supply system designed to ensure the large cosmetic companies aren't inundated with sales pitches from a multitude of small suppliers. The large companies have relationships with trusted ingredient suppliers who perform services such as initial testing for the cosmetic product manufacturers (Such as Estée Lauder and Lancôme).

Growing specialized crops that can be processed into ingredients is an important step in building a natural cosmetic and personal care industry in Alberta. We work with local companies in the industry and have established solid relationships with ingredient companies who in turn sell to the major cosmetic companies.

HBA will return to the Jacob K. Javits Convention Centre in New York City, September 15-17, 2009.

More information: www.hbaexpo.com



New Guidance Document Available

Health Canada recently released a new guidance document for industry, ***GUIDANCE DOCUMENT: Classification of Products at the Cosmetic-Drug Interface***. The purpose of this guidance document is to provide an understanding of the factors that guide classification decisions by Health Canada in relation to external use products which may share characteristics of both 'cosmetic' and 'drug', as currently defined under the Food and Drugs Act. http://www.hc-sc.gc.ca/cps-spc/pubs/indust/cosmet_drug_guide-drogueref/index-eng.php

Another useful document for determining Cosmetic claims and how products should be classified is ***Guidelines for Cosmetic Advertising and Labelling Claims***. To ensure that all regulations governing cosmetics are met, the Guidelines should be used in conjunction with the Food and Drugs Act and Cosmetic Regulations, the Consumer Packaging and Labelling Act and Regulations, and other applicable legislation and regulations. <http://www.hc-sc.gc.ca/cps-spc/pubs/indust/cosmet/index-eng.php>

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Upcoming Events 2009

March 2-3 HBA 2009 Mid-Year Conference, New York
www.hbaexpo.com

April 3-6 Cosmoprof, Bologna Italy
www.cosmoprof.com

April 21-23 In-Cosmetics 2009 Munich, Germany
www.in-cosmetics.com

October 13-15 In-Cosmetics Asia 2009 Singapore
www.in-cosmetics.com

December 10-11 Society of Cosmetic Chemists (SCC) Annual Scientific Meeting & Technology Showcase, New York
www.sconline.org



The SCI team wishes you and yours all the best over the holidays!

Kathy, Donna, John and Corey

Editor: Kathy Lowther, SCI Team Lead

Alberta Agriculture & Rural Development

LET US KNOW: If you were forwarded this newsletter from a colleague and would like to be added to our list **OR** if you don't want to receive this newsletter please send an email to: carol.sauchuk@gov.ab.ca.