

SPECIAL REPORT

# APAC BEAUTY GOES GREEN



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asia

# Sustainable practices take the lead

The Asia Pacific (APAC) region has long been a driving force in the growth of the world's beauty and personal care sector, boosting market share and paving the way for new global trends and product innovations to take hold. According to Euromonitor International, the global beauty and personal care market is on track to grow to \$547 billion (USD) in 2027, with the APAC region accounting for over half (67%) of the growth value<sup>1</sup>.

As an undeniable leader in innovation, the region has enjoyed continuous growth over the past few years, thanks in part to increasing pressure for products that are formulated with ingredients that are sustainably sourced, as well as being safe to use and dispose of. Furthermore, the rise in environmental consciousness and an ingrained fear of climate change continue to drive demand for sustainable products.

Today, this demand – where the full life cycle of a product is accounted for – has created all-new opportunities, and brands are taking note. Speaking about the trends dominating the sector, Eileen Zhang, General Manager, Asia-Pacific, Hallstar Beauty, said: "We are indeed seeing an increase in customer preference for ingredients, formulations and production practices to be environmentally friendly in Asia-Pacific countries, although it is not yet the consumer mandate and regulatory imperative that already exists in Europe, the Middle East and Africa (EMEA) and North American (NA) regions."

Candace Lin, General Manager, Hermosa Naturals Co., Ltd., added: "The concept of

sustainability in the APAC personal care industry is growing as well; we have found more and more ingredients and formulas were developed with sustainability in mind. For raw materials, we can see many of them are made from botanical extracts, and some from upcycling; there are also water-free formulas or even recyclable packages to show our contribution to sustainable developments.

"Hermosa Naturals is incorporating sustainability as part of our core values. We use local materials, especially upcycled ingredients in our production, such as the upcycled bran of Taiwan native rice and foxtail millet. In formulation design, we are expanding the application of our oil specialty to reduce the use of water and to achieve sustainability."

Despite progress made, and demand growing, Eileen suggests that APAC brands have several priorities that are likely to take consistent precedence, including appealing sensorial properties, compelling evidence of performance, a strong and flexible supply chain, and regional compliance – especially in China whose regulatory requirements are steep but whose market size and potential make it too important to miss. Candace Lin agreed, stating "sustainability developments in APAC currently are not as prosperous as in European countries. Yet, we are seeing more brands and consumers paying attention to sustainability and we believe the concept will become more prevalent in Asia."

Eileen outlined several aspects of the broader sustainability movement that have gained traction in the APAC region, from increased



traceability and transparency of the supply chain, and decentralised sourcing to reducing the impact of a product's carbon footprint and development based on green chemistry principles. This includes everything from minimising water usage and energy emissions to sourcing ingredients from upcycled sources often from sectors other than cosmetics (food or textiles), and increased use of more natural ingredients that have strong cultivation stories, especially when linked to the support of local farmers.

The increased popularity of natural ingredients is further illustrated by Euromonitor International's research which revealed that 75% of respondents in the beauty and personal care space were planning on developing products with vegan, vegetarian and plant-based claims in 2022. And, these efforts are not only being embraced by consumers but are simultaneously impacting a brand's bottom line. In the APAC beauty and personal care market, products with plant-based claims were on average 37% more expensive than

the market average<sup>2</sup> – meaning the benefits for brands are not just through reputation, but potential profits too.

Eileen added, "The APAC market's renewed interest in the region's natural beauty and health sources – traditional Chinese medicines, for example – may benefit suppliers' sustainable practices, in addition to stirring consumers' cultural pride. More local sourcing of raw materials means more traceability and a compressed supply chain. This trend also encourages stronger partnerships with local farming communities and opportunities to help local economies."

While sustainability is far from a new buzzword in the beauty industry, more than ever, cosmetic companies are demonstrating their commitment to helping consumers make conscious and informed choices about the products they use, and how they use them. Whether that's choosing products that are made with natural or organic ingredients, free from chemicals, or produced in an environmentally responsible way.

# Environmental awareness drives momentum

Taking a significant step towards environmental consciousness, consumers have not only become more aware of their environmental impact but are choosing brands that are visibly working to reduce their carbon footprint and promote their sustainable practices. Here, ethical sourcing is one of the biggest challenges for brands to demonstrate.

Local sourcing is proving to be a priority for many brands, as Candace Lin explains: "We have seen an increase in using local ingredients and upcycling, whether that's in Europe, Australia, Japan or Korea. Many personal care brands are developing in this direction and we are seeing more and more outcomes in the market. At Hermosa Naturals, we are including local Asian materials and upcycled products from the beginning of development, hoping to contribute to sustainability and carbon reduction."

While the APAC region is home to enormous biodiversity – and many of its countries have vast natural resources that currently sustain the cosmetics and personal care market – there is a considerable shift to ensure this biodiversity is protected, by sourcing natural products ethically and sustainably. Take Coconut Matter, a sustainable, vegan, plastic-free beauty, cosmetics and personal care brand founded in 2015. The Hong-Kong based brand is founded on a circular principle that ensures less waste for the planet – from



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ingredient selection to design through to how its products are shipped to consumers.

Speaking about the importance of ethical sourcing and transparency, Coconut Matter founder, Diane van Zwanenberg, said: "We follow COSMOS-standard, which is a collaborative effort from five key European organic certification bodies: the Soil Association, BDIH, Cosmebio, Ecocert and ICEA. For all certified products, ingredients must meet strict criteria and respect the principles of green chemistry, while product packaging and cleaning materials used in production facilities must also meet the standards.

"The entire supply chain is verified providing a guarantee of the quality and integrity of products. For us, we refer to the COSMOS-certified raw material list and we aspire to achieve this certification. Many independent brands would not be able to obtain such certification because of its cost and it requires extensive resources to maintain."<sup>3</sup>



Elsewhere B Corp certifications are becoming highly sought after within the industry, demonstrating that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials<sup>4</sup>. Merve Samur, a cosmetic formulator and R&D Manager for Manuka Bioscience which launched the cosmetic brand, ManukaRx in 1998, revealed the brand's efforts to pursue BCorp certification, to formalise its contribution to the circular economy through sustainable business practices.

"Manuka Bioscience produces Manuka Oil and is acutely aware of its responsibility to give back to the land and community," said Merve. "As such, the company remains committed to implementing a non-waste distillation process that allows it to utilise leftover mulch and distilled water as herbicides in their fields. This approach not only minimizes waste but also supports the environment."

The company's commitment to developing products that have a minimal environmental impact includes thorough ingredient testing, and facilitating a range of solutions that use 30% of the same ingredient throughout the entire product line. In addition, minimal packaging and refill initiatives are taking hold. By utilising only two different sized pots and one bottle across their range, they have significantly minimised their environmental footprint.

It is also, like other brands in the region, taking action to introduce conservation activities. Since the brand launched, it has planted five million native manuka trees across New Zealand<sup>5</sup>, helping to bring the once maligned and misunderstood manuka bush into the spotlight as a versatile and beloved native botanical from the lush landscapes of Aotearoa.

The efforts made by brands to protect the native landscapes around them are picking up pace. Take Japan, for example, which is known for its use of Camellia Japonica



Oil - an extract that can be formulated into several cosmetic products and is valued for its moisturising properties. Japanese beauty leader, Shiseido introduced camellia planting and conservation activities at the abandoned farmlands of the Goto Islands in Nagasaki Prefecture.

Over the last decade, this has resulted in more than 350 Shiseido employees helping to plant more than 700 seedlings of camellia japonica across 0.194 hectares of land<sup>6</sup>.

Furthermore, the brand reaffirmed the importance of balancing its business activities with being a 'good steward of the

Earth's bounty' through the introduction of new policies which prioritise conserving biodiversity, reducing CO2 emissions and decreasing the use of natural resources. It also aims to create a sustainable supply chain that is built on responsible procurement, which will in turn minimise risk. It requires all suppliers to be thoroughly assessed from their human rights records, occupational health and safety, environment and business ethics<sup>7</sup>.

Far from being exclusive to the big powerhouses in the industry, brands and suppliers of all sizes are embracing sustainable sourcing. Eileen Zhang highlighted Hallstar's efforts to ethically source ingredients. She

added: "Hallstar sources its shea butter from community co-ops in West Africa, directly benefitting the economic empowerment of thousands of local women. Instead of selling their harvested nuts just once a year to be shipped out and processed in industrial factories, the women organize themselves into cooperatives and process the shea butter all year round, ensuring that they earn a greater portion of the proceeds and are paid throughout the year, not just at harvest time."

Furthermore, Hallstar Beauty's patented Oléo-éco-extraction production method exemplifies eco-design and green manufacturing principles. The development of this unique, high-performance technology was based on the idea of leveraging the best of nature to deliver a broad range of functions. Through this technology, ingredients of high purity and yield are produced in an ecologically sustainable way without the use of organic solvents and other pollutants.

By honing sustainable product development and committing to local sourcing, upcycling and environment stewardship, Hallstar is just one example of a brand that is actively demonstrating its expertise in value chain sustainability – from building relationships with local farmers, introducing planet-friendly production methods and reducing its carbon footprint, to the upcycling of its production by-products.

Increasingly, these sustainable practices can be seen across the industry as beauty brands implement eco-friendly measures in their production processes, reduce waste and implement renewable energy sources. These practices benefit not just the environment but also the communities in which they operate, from their employees to their customers. As Eileen Zhang confirms, "Brands and their customers highly appreciate the assurance of a company's ethical practices, regarding the treatment of employees, communities, customers and other stakeholders."



# Integrating natural sciences with high-tech solutions

While naturally sourced ingredients are seeing a resurgence, new high-tech methods of formulating beauty products that marry the very best of nature and science are also making headway thanks to biotechnology.

Using biotechnology, suppliers can develop ingredients that possess specific properties and benefits or recreate endangered or over-consumed natural ingredients in a lab environment.

These lab-grown actives are 100% naturally derived but offer brands greater quality control. Unlike in the past where ingredients were sourced from natural resources, the use of biotechnology allows for ingredients to be produced in a controlled environment, with little risk of product contamination and greater efficiency in the production process.

The technology also allows cosmetic companies to create active ingredients that would not exist naturally or can only be obtained in small amounts from natural sources. Unlike plant-derived ingredients, which can be affected by crop availability, season, and weather, biotechnology allows for ingredients to be produced consistently and reliably.

"Biological technology will be the new trend," explained Candace Lin. "It does not only reduce the consumption of natural resources but can also improve product efficiency. Furthermore, it can reduce transportation requirements to help with carbon reduction."

Moreover, biotechnology is eco-friendlier

compared to traditional ingredient-sourcing methods. It enables companies to develop ingredients without harming the environment using processes such as animal testing or overharvesting natural resources. Among the ingredient suppliers embracing biotechnology is in-cosmetics Asia exhibitor Givaudan. Earlier this year the company unveiled RetiLife™, a 100% natural-origin retinol crafted through biotechnology.

Created through the use of micro-organisms, pure retinol is produced in a natural carrier during a fermentation process from plant sugars and combined with natural antioxidants to ensure its protection, even at a very high concentration. RetiLife is the first of its kind to offer a sustainable alternative to synthetic retinol with similar anti-wrinkle efficacy. Additionally, with 100% natural-origin content, including sunflower oil as a carrier, the composition of RetiLife™ avoids synthetic ingredients such as BHT/BHA or polysorbate. Its molecule is identical to its chemical counterpart.

Fellow in-cosmetics Asia exhibitor, Vytrus Biotech, which specialises in plant biotechnology by cultivating unique plant stem cells and stimulating their production of specific molecular cocktails to harness the remarkable properties of plants, highlights the benefits of this method "Biotechnology not only avoids disrupting natural ecosystems but also enables us to reduce more than 99% of water consumption and 99% of arable soil," said Monika Buchholz, Scientific Marketing Specialist, Vytrus Biotech. "It also contributes to biodiversity preservation and fosters a more



sustainable and environmentally respectful model."

The company's expertise goes beyond microbiota and leverages novel scientific contributions to plant regeneration processes to explore the potential of totipotent plant cell cultures and growth factors-like derived actives in skincare. It announced earlier this year that it had achieved the approval of its first patent in Europe, the United States and Japan in the field of hair loss prevention and treatment, framed within the proprietary firm's biotechnology platform called Phyto-Peptide Fractions®. Through this platform, Vytrus has developed several active ingredients from plant stem cells for applications in skincare and haircare.

The patent covers the activity of one of its cosmetic innovations, Capilia Longa™. This

100% natural active from Turmeric stem cells is full of plant growth factors (plant peptides) that re-activate hair growth, nourish the hair, and regenerate the hair follicle in a global approach based on nature coupled with sustainable and efficient biotechnology.

Such recent developments have demonstrated that biotechnology holds the potential to not only offer better quality control, but greater transparency and a more ethical approach to sourcing ingredients. These advantages have already converted many cosmetic brands, which are increasingly turning to biotech ingredients, including hyaluronic acid, peptides, squalane, and fermented polysaccharides in their product formulations. The advancement of these technologies has given rise to a new era in beauty and skin care, opening the door to new sustainable sourcing methods.



While technology is helping brands source ingredients without exhausting natural resources and provides improved access to rare and hard-to-source extracts, the increasing adoption of bio-based ingredients is further enhancing the environmental credentials of many beauty brands.

The demand for natural or bio-based cosmetic products derived from plant extracts has seen exponential growth, with the global bio-based cosmetics and personal care ingredients market expected to reach \$8.1 million by 2023, growing at a CAGR of 5.67% between 2021-2031. Here, the increasing awareness of the ill effects of synthetic chemicals, coupled with government restrictions preventing the use of harmful/synthetic ingredients and the influence of heightened consumer awareness, has resulted in cosmetic companies adopting bio-derived ingredients.

For example, Thailand’s Food and Drug Administration (FDA) recently responded to growing concerns about the use of harmful chemicals in cosmetics by drafting a proposal to ban 13 types of per- and poly-fluoroalkyl substances (PFAS). This follows recent



Bio-Based Cosmetics and Personal Care Ingredients Market, Research & Markets Data, 2022

regulatory updates in other APAC countries. In April 2022, South Korea’s Ministry of Food and Drug Safety updated its ‘Regulations on the Safety Standards, etc. of Cosmetics’ to include seven perfluorinated compounds as prohibited cosmetics ingredients<sup>9</sup>, while New Zealand’s Environmental Protection Authority drafted a proposal to ban all PFAS in cosmetic products by 2025<sup>10</sup> – aligning with similar European regulations.

The move to embrace bio-based and natural ingredients is not only aiding adherence to new regulations but as bio-based ingredients help reduce carbon dioxide in the atmosphere, they increasingly present an attractive alternative to petroleum-based beauty products.

Take the Asian-owned beauty brand, Youthforia, for example. By using biobased alternatives, and ditching plastic and other polluting ingredients, it claims to be better for both the skin and the planet. Speaking about the industry’s use of fossil fuels, Youthforia founder, Fiona Chan said, “Why does the beauty industry love fossil fuels? Generally, because they’re cheap and easy to work with: crude oil’s relative abundance makes petroleum-based ingredients cheaper to produce, and petroleum is easy to convert into other chemicals with specific properties. Non-renewable-derived ingredients include everything from liquid plastics to mineral oil and are included in a number of everyday beauty products – even shampoo and toothpaste.”

“All of these products eventually end up back in the environment, which is why our Down the Drain Impact is constantly on our minds. If the average beauty-lover uses 15 products a day, that’s nearly 500 chemicals that are washed down the drain. Using products that contain fossil fuels or PFAS (aka, toxic compounds like liquid plastic) means that these chemicals, which are notoriously hard to break down, can contaminate water supplies and harm wildlife. While we’re just starting to learn about the effects of these compounds, they’ve been found everywhere

from soil to our food supply. As more and more of the damaging effects of non-renewable resources on our bodies and the planet come to light, the need for a major industry shift has become apparent.”<sup>11</sup>

Derived from renewable, plant-based sources, bio-based ingredients are famed for mimicking their petroleum-based counterparts, without the need for fossil fuels. Furthermore, biobased production processes, like fermentation, don’t expose ingredients to synthetic contaminants making them safer, while they require significantly less energy to produce.

It is clear that the concept of ‘green chemistry’ or bio-based ingredients has been embraced by many brands, with L’Oréal committing to transition its entire business towards green science, with a target of making 95% of its ingredient portfolio bio-based, from abundant minerals or circular by 2030. It is the third global beauty player to invest in biotech firm, Geno – alongside Unilever and Kao – to develop alternative biotechnology-based ingredients. The company also acquired a minority stake in French biotech firm and microalgae manufacturer, Microphyt, making it a major player in the next chapter of biotechnology advancements.

And ingredient suppliers are waking up to this opportunity too. In 2022, in-cosmetics Asia exhibitor, Clariant launched its 100% bio-based surfactants range driving the transition towards renewable carbon. Its Vita 100% bio-based surfactants and polyethylene glycols (PEGs) address climate change by helping remove fossil carbon from the value chain.

With a growing focus on developing new ingredients from biomimetic and bio-sourced raw materials, the APAC region is predicted to have the highest bio-based cosmetics and personal care ingredients market growth rate in the coming years<sup>12</sup>, as a result, in part, of the rapid development of the cosmetics industry. Here, China and India are noted as significant contributors, helping to drive R&D investment in bio-based cosmetics.



## Beauty for all

Traditionally, the beauty industries in Asia Pacific have placed a high value on fair and porcelain skin, in part as a result of the influence of Western beauty standards. The region has a long history of linking class to skin colour, but this is rapidly changing. A shift towards a more inclusive industry has been driven by global calls for every product category to serve a more diverse customer base – whether that’s catering to different skin tones or types, hair textures, or lifestyle choices.

And, as detailed in a recent McKinsey report, greater personalisation, connectivity, and authenticity are changing how consumers relate to, try, and buy products and services—putting sustainability and inclusivity as key priorities for many beauty brands around the world<sup>13</sup>.

While this is a global movement that cannot be ignored, there are also great challenges to creating locally relevant Diversity and Inclusion (DEI) strategies in the APAC region. APAC is home to 48 countries each with its own rich range of people, ethnicities, and cultures. It demonstrates the importance of a personalised and individualistic approach and understanding how new routines, behaviours, and attitudes are redefining the landscape.

Speaking to *Cosmetics Design Asia*<sup>14</sup> about the role of inclusivity in the APAC region, Guive Balooch, L’Oreal Head of Research and Innovation’s Tech Incubator, said: “In the APAC region, inclusivity is gaining more and more attention and awareness across the

different markets, both from consumers and businesses. The public increasingly voices its demands for inclusivity, and we see it as a strategic priority when making key business decisions.”

Thankfully, there are examples of sectors, and brands succeeding in this space. Male grooming products, for example, rank among the region’s fastest-growing consumer segments<sup>15</sup>. Brands are expanding their ranges of male-only and genderless products, with marketing campaigns challenging taboos to spark discussion and debate. Take Japanese beauty company, Kosé Corporation, as an example. The multinational personal care company shifted its marketing strategies based on three Gs: global, gender, and generation.

Speaking about the strategy, President & CEO, Kazutoshi Kobayashi, said: “We are not confining our products to only certain genders. For some time now, the question of whether or not to create a men’s version of “Sekkisei” or “Liposome” has been on the company’s internal agenda, but I have always refused to make anything “for men” because I want to keep our products genderless. The relaunch of our brand this time has genderless packages and fragrances.”

Despite this progress, there is still a long way to go. Collectively, the cosmetics and beauty care industries need to focus on delivering a more diverse range of products, and marketing messages to better serve their customers.

# Summary

The beauty industry in the Asia Pacific region has been growing rapidly in recent years, but with it, concerns about sustainability have also emerged. The industry has started to pay heed to these concerns, with many companies adopting sustainable sourcing and manufacturing practices, in a bid to improve the performance of their products and lessen their impact on the environment. Simultaneously, consumers are demanding more sustainable practices and companies are responding by providing greener products and promoting ethical practices.

As a result, the future of sustainability in the beauty industry in the Asia Pacific region looks promising, with brands and suppliers making great strides when it comes to inclusivity and sustainable practices. This shift towards environmentally-friendly products and processes will hopefully ensure a positive impact on people and the planet for generations to come.

Whether it's developing a finished product that positively benefits the environment, supporting local economies, or establishing a fairtrade system in the production of goods through farming co-operatives, businesses, and governments, sustainability is much more than a trend. It is a global imperative to protect the future of the industry and the planet.



And, as one of two 'Spotlight On' features at this year's in-cosmetics Asia, Sustainability will be put under the microscope during the event. The product showcase will enable attendees to find out more about how they can minimise their environmental impact, embrace the circular economy, and invest in new technologies that will preserve the earth's most valuable resources.



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in-cosmetics Asia will take place from 7-9 November 2023 at the Bangkok International Trade & Exhibition Centre (BITEC), in Bangkok, Thailand. For more information and to register to attend, visit [here](#).

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