

UEBT MONITORING AND EVALUATION REPORT 2019

I. BACKGROUND AND METHODOLOGY



UNION FOR
ETHICAL
BIOTRADE

SOURCING[®]
WITH RESPECT

Version 1.0 - April 2020

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I. About UEBT

The Union for Ethical BioTrade (UEBT) is a non-profit association that works to regenerate biodiversity and secure a better future for people through ethical sourcing of ingredients from nature.

The UEBT standard (also called the UEBT Ethical BioTrade standard or Ethical BioTrade standard) is based on the United Nations Conference on Trade and Development (UNCTAD) BioTrade principles and criteria. It is an internationally recognised voluntary sustainability standard that was developed with inputs from experts, companies, local communities, and NGOs. Its principles are:

- Biodiversity conservation
- Sustainable use of biodiversity
- Fair and equitable benefit sharing
- Systems for ethical sourcing
- Legal compliance
- Respect for worker rights
- Clarity about land tenure



The standard guides UEBT's work in its membership, certification and advisory programs. These programs include:

- Raising awareness of ethical sourcing of biodiversity
- Verifying ethical sourcing commitments and practices
- Certifying ethical sourcing systems
- Certifying ingredients from nature
- Collaborating with companies and other partners to address special issues through working groups
- Offering advisory services related to ethical sourcing or access and benefit sharing (ABS)

II. Report Methodology

UEBT operates a monitoring and evaluation (M&E) system for its membership and certification programs. The system is designed in accordance with the ISEAL Alliance's Code of Good Practice for Assessing the Impacts of Social and Environmental Standards Systems (ISEAL Impacts Code). It is set up to monitor and assess the extent to which the desired results identified in the UEBT Theory of Change (ToC) (Annex 1) are being achieved at three levels:

- Level 1. The reach and scale of the application of Ethical BioTrade principles and practices within member companies and their supply chains (Outputs),
- Level 2. The changes and medium-term results deriving from applying Ethical BioTrade principles and practices in member companies and their supply chains (Outcomes),
- Level 3. The long-term effects of Ethical BioTrade practices on workers in the production fields, communities and biodiversity (Impacts).

Table 1: Overview of the M&E system

M&E areas and levels	Description of the information collected	Method of collection	Frequency	Coverage	Report where results are presented
Level 1: Reach and scale - Outputs	No. members, certificate holders, ingredients/ botanical species, supply chains, local suppliers and field operators, size of sourcing areas in UEBT programs (internal use only).	Member and audit reports	Annually	All members and certificate holders Coverage 2018: 42	II. Reach and scale of UEBT programs and member actions
Level 2: Change and medium-term effects - Outcomes	Actions taken to implement Ethical BioTrade requirements	Member self-assessments and audit reports	Annually	All members and certificate holders Coverage 2018: 42	III. Changes and effects prompted by UEBT requirements in the short, medium and long-term
	Ethical BioTrade practices and medium-term effects	Case studies (Conducted or commissioned)	At least one study per year (alternatively to L3 studies)	Purposively selected members Coverage 2018: 1 company case study	
Level 3: Long-term effects - Impacts	Effects of Ethical BioTrade practices on people and biodiversity	Case studies (Conducted or commissioned)	At least one study per year (alternatively to L2 studies)	Purposively selected members Coverage 2018: Two baselines carried out for a study, not published yet. Early learnings shared.	III. Changes and effects prompted by UEBT requirements in the short, medium and long-term

III. Data source and coverage

LEVEL 1. THE REACH AND SCALE OF MEMBERSHIP AND CERTIFICATION

The UEBT M&E system is currently able to provide information on the reach and scale of overall UEBT members involved in the membership and certification programs. Information is reported in the form of descriptive statistics on the number of members, certificate holders, ingredients, botanical species and supply chains they work with. Moreover, the number of local suppliers (i.e. Organisation at Source – OaS), field operators including farmers, farm workers and collectors is reported. Finally, the extension of the sourcing areas (i.e. cultivation and collection fields) is included but used for internal learning only.

Information is collected yearly through two main sources of data:

1. Certification audit reports for certificate holders
2. Annual reports or membership audit report for members

The data is aggregated by country, region and production system. A description of the methodology used for gathering, storing and analysis – including aggregation - of information is provided below. Further information can be provided upon request of access to indicator protocols and guidelines for analysis.

The information presented in this report reflects figures for 2018 and is based on what has been recorded in the UEBT system through December 2019. In total, reach and scale information concerns 42 members.

LEVEL 2. THE OUTCOME: CHANGES AND MEDIUM-TERM RESULTS OF MEMBERSHIP AND CERTIFICATION PROCESSES

Information on changes and medium-term results of the application of Ethical BioTrade principles and practices are derived through annual and audit reports as well as through case studies.

Annual reports and membership audit reports – for members – and certification audit reports – for certificate holders – are analysed to obtain information on progress in the implementation of the UEBT standard: what UEBT members do to fulfil Ethical BioTrade requirements. The information in the audit reports is based on auditors' observations, interviews and documents check, which take place every year for certificate holders and every three years for members. The information on the annual reports are based on yearly members' self-assessment. They are verified every three years by an auditor through membership audits.

This report provides a picture of progress that UEBT members made in fulfilling requirements in 2018, based on a total of 42 companies' audits and annual reports submitted.

A selection of the audit checklist is included in the analysis, which covers the main outcomes expected from the membership and certification process at the level of the members and along the supply chains. The selection is done prescriptively and illustratively to show some of the critical verifiers such as:

1. The verification checks for the membership conditions and obligations such as setting Ethical BioTrade commitments, having an Ethical Sourcing System defined, having conducted a risk assessment of ingredients, having implemented ABS due diligence, and complying with an Ethical BioTrade work plan.
2. The verification checks for the set-up of the certification and traceability systems at the member or supplier levels.
3. The verification checks for the implementation of Ethical BioTrade practices in the sourcing of prioritized and certified ingredients. In the latter case, these checks concern collection and cultivation practices as well as working conditions.
4. The verification checks for the improvement of the implementation of Ethical BioTrade practices in the sourcing of prioritized and certified ingredients over time.
5. The verification checks for actions to improve conditions for local communities.

There are criteria assessed with a 'yes' or 'no' scoring system. Other criteria are assessed against a scale from 0 to 3. Not all criteria selected are assessed for all members and certificate holders. This depends on the membership or certification setting that applies to each member or certificate holder. In this report, the percentage of members or certificate holders per each level of progress made is reported and it is calculated over the total number of members or certificate holders actually assessed per each criterion.

Besides the analysis of progress against Ethical BioTrade requirements implementation, some case studies are conducted for the analysis of the changes deriving from applying Ethical BioTrade principles and practices in member companies and certified supply chains. The studies focus on what are the processes behind the changes implemented to conform to UEBT requirements and what are the results of these changes. The studies complement the analysis of audit and annual reports with information on what is needed to implement the changes, what instead hampers the implementation, what are the experiences, expected and unintended results - both positive and negative.

The methodology for the studies has been developed in collaboration with external experts.

The methodology is defined on the basis of a collaboration with ISEAL and AidEnvironment. Moreover, it has been consulted with UEBT staff members and with M&E staff from another standard organisation for further methodological inputs.

Study results have been verified with the informants involved, UEBT staff and M&E staff from another standard organisation.

The changes and effects are studied in a qualitative form, based on the perceptions of the staff at the member companies and suppliers that are informing the studies. Possible areas of changes and effects are defined and guide the questions asked to informants, the analysis of documents and of the results of interviews. The idea is to stimulate specifications of the areas of change to emerge from the study.

Areas of changes and effects are determined considering the UEBT theory of change (Annex 1) and include: Ethical BioTrade sourcing strategy, Ethical BioTrade management system, brand value, value creation for workers and communities, right of actors, biodiversity friendly sourcing practices, actions for protection, and regeneration and enhancement of biodiversity (Annex 2).

These studies seek to explore if and how the UEBT pathways unfold in the reality of the companies studied. In doing so, the studies highlight possible variations of the pathways compared to what expected, shedding light on actual interventions, actions, effects and factors stimulating or hampering them.

The studies are explorative and qualitative. They do not aim at measuring impacts and causality. However, they introduce some strategies to ensure validity and reliability while highlighting correlations among the different steps of the pathways. Namely:

1. *Combining different data sources.*

Secondary data are used together with primary data. Secondary data coming from audits and self-reports of the studied company and associated supply chains are meant to ascertain the activities implemented in the frame of the UEBT membership process and of the broader commitment with sustainability. Possible influencing factors are investigated as well. Primary data, collected through semi-structured interviews with relevant staff at the company and supply chains level, complement the secondary information on actions, effects, and influencing factors. Other secondary data have been gathered for a background analysis of the context in which the studied supply chains operate. These data include relevant statistics, scientific and grey literature and contribute to the understanding of the changes and effects occurring at the level of the member company and its supply chains, within the broader context where they take place. The combination of several sources of data improves the completeness and the accuracy of the findings. Objectivity is also improved because of the combination of several point of views.

2. *Defining data collection and reporting criteria.*

Criteria to report information derived from secondary data, questions to gather primary data through semi-structured interviews and templates for analysis are defined and can be used to replicate the study. This increases reliability of the study since it sets the conditions for obtaining data that are comparable over time and case studies, should the same study be repeated in different periods and contexts. The criteria, questions and templates for analysis are defined on the basis of interventions, actions and effects that the UEBT program seeks to promote. They have been validated through several rounds of revisions involving UEBT staff. The choice of semi-structured interviews allows to integrate a list of questions to include the results of the revisions as well as learning points from implemented interviews, when necessary. All this increases the validity of the study because it contributes to the relevance of the criteria, questions, and templates for the purposes of the study and for the studied cases.

3. *Defining units and sample of analysis.*

The UEBT membership and certification concern the companies' sourcing system for natural ingredients. It therefore impacts the supply chains practices of these ingredients with possible effects on the suppliers. To monitor and evaluate the full pathway of interventions, activities and effects, two units of analysis are therefore set for the study: the member or certificate holder and the suppliers of natural ingredients prioritised or certified. The resources available for the study determines the number of people to be interviewed at each unit of analysis. The samples are not statistically representative. However, qualitatively speaking, they are representative of the realities being studied. The categories of interviewees are defined thinking of those people at the level of the company and supply chain that might provide relevant information for the propose of the study. At the company level, relevant informants are those who are responsible for the implementation of the membership/certification processes and the sustainability strategy, as well as those that interact with suppliers. At the supply chain level, the relevant informants are representatives of suppliers that play a role in the interactions with the company, with the producers or collectors, and with the processors.

In 2018, one study has been conducted on changes and effects. It concerns a long-term member of UEBT which is also certificate holder with herbal tea certification – Martin Bauer Group. Moreover, the company has its own sustainability standard and assurance system which is recognised by UEBT. The company is based in Europe and has supply chains all around the world. The [summary of the study](#) is published in the UEBT website. The study completes a series of studies where two other members with other membership and certification settings are studied ([Natura](#) and [Weleda](#)). The summaries of those studies are also published in the UEBT website.

LEVEL 3. THE IMPACT: LONG-TERM EFFECTS OF ETHICAL BIOTRADE PRACTICES ON WORKERS IN THE PRODUCTION FIELDS, ON COMMUNITIES AND ON BIODIVERSITY

For the long-term effects, evaluation studies are conducted on the areas of changes and effects concerning improved livelihood and local development, and conservation and sustainable use of biodiversity (Annex 2).

Two approaches are followed for the implementation of the evaluation studies. When conditions allow, a baseline study is conducted to assess the situation before the start of the interventions. A follow-up study is then implemented after some years from the beginning of the interventions to assess any impact determined by the interventions compared to the baseline situation. A second approach, the most feasible, is that one study is implemented after some years from the beginning of the interventions and impact assessed through comparison with control groups, with the context and with the situation at the beginning of the interventions based on informant self-comparison.

Aspects to be assessed are defined considering the UEBT ToC and the expected impacts on value creation for workers and communities, rights of actors, sustainable use and conservation of biodiversity (Annex 2). Specific indicators are defined at the beginning of each evaluation study based on a desk-based assessment and preparatory interviews with key informants. The indicators fall into the expected areas of impact as per the UEBT ToC, however they are also context specific. There are indicators that highlight aspects that are meaningful in the context of the study to determine the conditions of biodiversity, workers and local communities.

In 2018 there was one evaluation study carried out but results cannot be published for confidentiality reasons.

IV. Data quality and limitation

DATA FROM AUDITS AND ANNUAL REPORTS

Since 2015, UEBT has a M&E data management approach, including procedures for data collection; storage and access; quality; analyses, reporting and sharing; and confidentiality.

UEBT has developed protocols for each reach, scale, outcome indicators collected. The data collection protocols are the basis for the guidance given on data collection. The guidance is made available to UEBT staff, auditors and UEBT members that are required to fill out the audit or annual report templates. This is to ensure that the information reported is coherent and reliable.

Guidance exists - and is available for the M&E staff – on how to clear, store, analyse and report the information gathered on reach and scale. Among the recommended actions for clearing is the cross-check of data gathered from different entry points and over time. In case of incoherence, the auditors or the members are contacted to verify the data even before entering the information into the database.

Other guidance is provided on how to analyse information – after they are stored in the database - for the purpose of dealing with:

1. **Double counting.** A method is in place to ensure that size of production fields and number of field workers correspond to what is used for the production of the volumes sourced. Another analysis is done to ensure that each different supply chain, ingredient and botanical species is counted just once. Verifications are conducted when disproportionate values are noticed (see 'outliers' below).
2. **Missing values.** Procedures are defined to cover missing values for one year with the values provided for the years before and to track this. When information from previous years are not available, the date is not filled out and track of the missing values is kept in the data analysis files.
3. **Outliers.** Extreme values are treated in a qualitative way by identifying them, understanding the reasons behind them, considering them in the counting when they are plausible, and pointing out their presence and motivation in the reporting.

M&E data is used for different types of reporting. For example, data are regularly reported – both internally and externally - through the UEBT annual report and M&E system reports. Internal reporting is a tool to further verify information reported with the UEBT staff and address incoherence that might emerge based on the experience of the UEBT staff.

The relatively limited number of members and certificate holders has allowed UEBT staff to manage data gathering, quality check and analysis manually and reliably. Recently, the intensification and expansion of UEBT activities (e.g. new members as well as new certification programs) have challenged the current system, showing some limitations including reduced accuracy of some figures, increasingly time-consuming processes of data collection and analysis, limited relevance of the information collected:

1. The list of indicators is perceived by the UEBT staff as dispersive and, therefore, of little use for learning. A reduced list of indicators focussing on key learning points is to be defined. The process to refine indicators can be combined with the process of standard revision.
2. There are different interpretations among the members of the information asked to be provided. This requires a huge effort of verification and several rounds of submission. The process of filling out information has to be more guided with automatic control points that alert in case of wrong information provided. This is in the phase of being implemented in parallel to the definition of online data management system for UEBT.
3. Some figures from the fields, especially those concerning wild collection, fluctuate from one year to the other because of context dynamics connected with change in the sourcing areas and field operators. The high fluctuation does not support the implementation of meaningful comparisons over the years.

DATA FROM STUDIES

Quality assurance mechanisms are built along the entire process of defining, implementing and finalising studies. These mechanisms are formalised into general guidelines and consolidated into UEBT internal procedures. The terms of references (ToR) and research proposals are defined and, when possible, reviewed by researchers and peers to assess the methodological robustness of the evaluation. Furthermore, there are internal discussions within UEBT staff and members involved in the study to assess the relevance and feasibility of the proposals. Finally, the methodology of some of the studies considers what methodologies have already been developed in collaboration with ISEAL, RJC and AidEnvironment.

When studies are commissioned, researchers are chosen among consultants and research institutes well recognised for their professionalism and without connection with the studied case. Moreover, local researchers with experience on studying impact of sustainability standards are preferred to ensure their understanding of the context and of the topic of investigation. When the evaluation is conducted internally, the independence of the researcher is ensured through reviewing intermediate and final results of the studies by staff members not involved in the study and also by people involved in the study. This procedure is used to reduce the risk of bias and it is recommended in the case of independent studies too.

Early impact evaluations have used a multiannual approach and started with a baseline study. The baseline was meant to provide the base upon which future measurements are conducted, generating a time series for the same research samples. However, this approach proved ineffective. For some of the baseline studies it was not possible to implement follow up studies because the relations between the UEBT member companies and their suppliers interested by the studies changed. Another reason for not implementing the follow up studies to the baselines was that the conditions in the contexts changed and reduced accessibility.

Baseline information was therefore not used in several cases. For this, the decision was taken to prefer the implementation of single evaluation studies and use context level statistics, control groups and sample self-comparison with years before the implementation of interventions to assess the impact of those interventions.

However, also the use of control groups proves to be difficult sometimes due to limited accessibility of people not involved in the interventions and community conflicts that can generate when trying to reach out to those not benefiting from interventions. Moreover, the samples selected according to statistic and qualitative representativeness starting from existing lists is not always found in the field and some interviewees need to be replaced. This may impact on the representativeness of the sample but cannot be avoided

Despite the limitations that are met during the implementation of evaluation studies, some methods are used to ensure the reliability and validity of the findings. They include the triangulation of different data sources, identification of cases and samples that are representative of the reality and variety under investigation, comparisons with the context, and definition of clear data collection and reporting procedures (e.g. list of questions, templated to be filled out for data reporting).

In the approach followed by UEBT there is not a defined list of indicators. There are areas of impact, defined starting from the UEBT ToC. Indicators and the methods for data collection and analysis are defined case by case. This limits the opportunities for comparisons but improves the capacity of the indicators to represent the reality being studied¹.

Case studies are selected to be representative of UEBT programs and contexts of operation. So far, studies have involved members, members with different certifications. The first studies conducted were of long-term members since this provide a sufficiently extended timeframe for analysis. Moreover, the involved companies work in different countries and with

¹ Other opportunities and limit of the approach to evaluation studies are presented in the summaries of the case studies showed in this report.

different ingredients – allowing us to view a variety of situations.

Prioritisation of case studies is required given the limited resources available for M&E. UEBT will gradually expand M&E activities to cover more countries and companies with respect to identification of changes, results and effects.

UEBT has procedures to ensure that evaluations are conducted ethically. These procedures are formalised into general guidelines and implemented through consolidated UEBT internal procedures. Consent forms and study presentations are used to ensure the right of study participants to be adequately informed about the study purposes and contents as well as on the use of the final results. Moreover, UEBT is aware of the need to not alter established relations and dynamics. The right of UEBT to share and publish information is fulfilled while protecting the confidentiality of people and companies. Finally, UEBT is aware that the people and companies involved in the study provide a good deal of their time and resources to participate.

UEBT also commits to publish the results of the studies, the methodology used and the reference to the experts conducting the studies. This is done to ensure transparency about the work of UEBT and its results. However, UEBT seeks to ensure the confidentiality of the organisations involved in the studies. In some cases, full reports and details cannot be published. Hence, summaries are published. In other cases, no information – even in the form of summaries - can be disclosed. In any cases full methodology and results are available at UEBT, discussed internally and made available when required if this does not conflict with confidentiality.

V. Learnings

UEBT's mission is to regenerate biodiversity and secure a better future for people through the ethical sourcing of ingredients from nature. UEBT works in a context where new sustainability challenges, shifting market dynamics, and evolving stakeholder expectations all require regular adaptation and improvement of the program's certification standard, assurance mechanisms, training, and other strategies.

The M&E activity at UEBT is carried out with two main goals. On the one hand, the M&E activities provide reliable evidence on the performance and impact of UEBT and its members to be communicated to interested stakeholders. On the other hand, the results of the M&E work shall be used as internal learnings to inform the adaptation of the UEBT and its members actions to changing contexts and conditions of operation. This process of continuous adaptation is meant to ensure the effectiveness of these actions in delivering expected impacts.

In order to fulfill these two goals, the M&E activity at UEBT is closely monitored and adjusted as well to be always able to provide the most relevant and reliable information. From the M&E results presented in this report – also discussed with UEBT staff and Board of Directors - the learnings for the adjustment of UEBT M&E approach can be summarized in three main points.

INTENSIFY REPORTING FROM THE FIELDS OF PRODUCTION

As UEBT started as a management system approach, reporting from the field of production started after the ingredient certification program was initiated and it is now included in the requirements for ethical sourcing system certification as well. Data gathered from the fields gives the best insights on the results of UEBT related actions on socio-economic and environmental conditions for field operators and their communities. With increasing interest in certification - from existing and new members - there is an opportunity to expand the range of contexts, ingredients and supply chains from which information on biodiversity and socio-economic actions and impacts can be gathered.

In this process it is important to maintain and improve reliability of the data collected as well as to increase the effectiveness of the data analysis. UEBT is planning to invest in information and technology tools to automatize the way data are entered – by auditors and members - into the UEBT system and validated – by the UEBT staff.

A further improvement can come from using geolocation tools as part of the UEBT M&E system. This would allow identifying the exact area where monitored actions take place and what are the main risks and opportunities for people and biodiversity that are relevant in that area and that are impacted by the actions.

However, the same level of detail of reporting cannot be reached for prioritised supply chains in the frame of the membership program. For these supply chains, field verifications are not carried out and field information is not gathered. Moreover, even the collection of information in the frame of the certification program is complex for UEBT members that do not work directly with field producers and have one or more suppliers in between. In the future, in parallel with the revision of the UEBT standard, indicators may need to be further adjusted to consider the challenges in gathering information faced by the members downstream in the supply chain.

BRING EVALUATION STUDIES TO THE NEXT LEVEL: REPLICATION, COMPARISON AND DEFINITION OF INDICATORS

The studies, especially those on the changes and effects deriving from UEBT membership and certification process, provided insightful information on what works and what does not work in the process of complying with UEBT requirements. From this, the intention to continue working on a principle-based M&E approach which looks at the process behind the compliance or non-compliance results. More qualitative evidences on these processes will be provided by replicating the same methodology over different case studies.

As far as the impact studies are concerned, the current baseline studies shall be completed with follow up studies. Future impact studies shall build on them. Build up indicators to measure changes at the field level as part of the follow up studies. Ensure that new cases for future impact studies are selected to test and refine the indicators in different contexts and different production systems.

Nonetheless, it should not be overlooked that the focus of UEBT is the work with the companies. UEBT works – among other - to promote transformation in the cosmetic, food and pharmaceutical sector at the company level. Methodologies shall be developed to isolate the contribution of UEBT to sector transformation.

Scientific validity and reliability shall guide the evaluation studies' definition and implementation. However, simple communication material (e.g. videos and summaries) shall be derived from the studies to share the result with wide public.

DRIVE THE UEBT STANDARD TOWARDS PERFORMANCE AND PRACTICES

From the analysis of compliance, it emerges that several critical criteria in the certification checklists are on procedures. There are some criteria on actions taken to implement certain practices with respect to production, price setting and similar issues. In some cases, members score better with respect to these criteria than with respect to the criteria on procedures. In any case, implementing good practices is what actually creates changes and generates impact. The UEBT standard revision – taking place in 2019/2020 – is taking this finding into account. The case studies together with qualitative analyses of the audit reports conducted so far provide examples of what good practices are put in place for compliance with the UEBT standard and what are the possible unintended effects.

These practices will be spelled out in the new standard and will be provided with appropriate guidance through training material for members in an attempt to drive actions. Moreover, the unintended effects will be considered to identify possible adjustments to the current UEBT standard.

As a next step, an assessment tool for performance and impact shall be developed. These tools are especially important for biodiversity actions, to understand how far they are implemented and to what extent they are generating the expected impact. These tools will allow field operators to assess their performance with respect to biodiversity and socio-economic contributions at the beginning of UEBT-prompted actions and over time. Those tools may be made part of the audit process and used to identify progress. At the same time, they can be used in the UEBT M&E system to gather data on biodiversity and socio-economic effects of UEBT members' actions.



UEBT Theory of change (TOC)

Short version based on V2 – 23-08-16

Possible risks of unintended negative effects to monitor

Slow down innovation; significant work undertaken and limited recognition, UEBT prompted investments reducing resources available other (more effective) investments; threats to food security; over-demand of the natural ingredients; procedural burden along the supply chain; new conflicts in sourcing areas

Research, development and sourcing of natural ingredients contribute to ...

UEBT VISION

Conservation and sustainable use of biodiversity

Improved livelihoods and local development

Sector transformation

LONG-TERM IMPACT

Maintaining and enhancing ecosystems around sourcing areas

Sustainably managing sourcing plant species and natural resources

Adequate work and living conditions for people in sourcing areas

Promoting dialogue and benefit sharing

Increased brand value for companies committed to ethical sourcing

Growth in awareness and commitment to Ethical sourcing practices

Enabling environment for ethical sourcing

SHORT/MEDIUM-TERM RESULTS

Identify risks, priorities, targets for people and biodiversity

Develop Ethical BioTrade work plans

Establish/certify management and traceability systems

Implement ABS due diligence

Foster Ethical BioTrade practices along the supply chains

Recognising value of technical support and advisory services on Ethical sourcing

UEBT participating in and promoting events and projects

Increasing interest in UEBT conference and barometer

UEBT Trading Members, Suppliers, Field operators

Non member companies and other stakeholders

UEBT STRATEGY

STANDARD SYSTEM for Ethical BioTrade commitments

ASSOCIATION of companies and organisations involved in biodiversity based activities

AGENT OF CHANGE for Ethical BioTrade

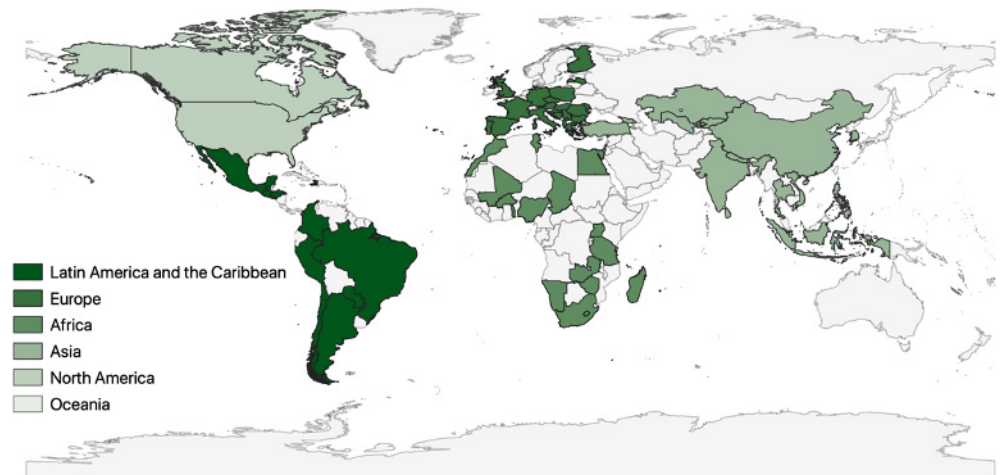
ANNEX 2. Monitoring and Evaluation indicators

VISION	AREAS OF SHORT/MEDIUM/LONG TERM EFFECTS	INDICATORS			
		L1 REACH & SCALE	L2 CHANGES	L3 IMPACT	UNINTENDED EFFECTS
Sector transformation	Ethical BioTrade sourcing strategy	Percentage of prioritized natural ingredients <i>Cultivation</i> <i>Wild collection</i> Percentage of certified UEBT natural ingredients <i>Cultivation</i> <i>Wild collection</i> Percentage of certified UEBT-UTZ natural ingredients <i>Cultivation</i> <i>Wild collection</i>	Setting Ethical BioTrade Commitments % members compliant % members per level of compliance Making Commitments publicly available % members compliant % members per level of compliance Complying with UEBT entry indicators - internal only % members compliant % members per level of compliance Complying with Ethical BioTrade work plan - internal only % members compliant % members per level of compliance *Expanded sustainability strategy to integrate biodiversity aspects		*Slow process of alignment of the staff and suppliers with the strategy
	Ethical BioTrade management system	Number of trading member <i>Per position in the supply chain</i> <i>Per geographic areas</i> <i>Per country</i> Number of trading members that adopted certification program <i>IMS certification</i> <i>ESS certification</i> <i>Herbal tea certification</i> Number of prioritised Organisation at Source/local suppliers <i>Per geographic areas</i> <i>Per country</i> Number of certified UEBT Organisation at Source <i>Per geographic areas</i> <i>Per country</i> Number of certified UEBT-UTZ Organisation at Source <i>Per geographic areas</i> <i>Per country</i> Number of verified Organisation at Source OaS/local suppliers <i>Per geographic areas</i> <i>Per country</i>	Having an Ethical Sourcing System defined which includes scope, policies, procedures, internal monitoring system, training programme % members compliant % members per level of compliance Having conducted risk assessments of the natural ingredient portfolio following Ethical BioTrade principles % members compliant % members per level of compliance Having defined a due diligence system to comply with Access and Benefit Sharing (ABS) % members compliant % members per level of compliance Having ABS permits - internal only % members compliant % members per level of compliance Policies, procedures, and guidelines - IMS - established and in line with the certification protocol to regulate the certification system % members compliant % members per level of compliance Rules and procedures established for Local Monitoring System - LMS - to ensure that the IMS is sufficiently complemented and replaced % members compliant % members per level of compliance Documented information available about all stages of production and processing process as well as control points for traceability per each supply chain included in the certification % members compliant % members per level of compliance Procedures are established to assess compliance with traceability requirements at each of the control points % members compliant % members per level of compliance Procedures are established to incentivise continuous improvement of suppliers and producers in the fields regarding Ethical BioTrade practices % members compliant % members per level of compliance Procedures are implemented and non-conformities with Ethical BioTrade requirements are closed % members compliant % members per level of compliance Procedures are in place to invest UTZ premium to the benefit of producers in the field and local communities - internal only % members compliant % members per level of compliance *Increased effectiveness in sourcing system management (traceability, assurance, risk identification)		* High demand for human or economic resources * Increase in complexity and workload * Reduced supply options and risk of loosing existing suppliers for increasing requirements
	Brand value	% of turnover per sector <i>Cosmetic</i> <i>Food</i> <i>Pharmaceutical</i>	*Ability to stay ahead on sustainability issues *Enhanced corporate reputation *Enhanced credibility *Additional value to certified products		

VISION	AREAS OF SHORT/MEDIUM/LONG TERM EFFECTS	INDICATORS			
		L1 REACH & SCALE	L2 CHANGES	L3 IMPACT	UNINTENDED EFFECTS
Improved livelihoods and local development	Value creation for workers and communities	<p>Volumes of prioritized raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Volumes of certified UEBT raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Volumes of certified UEBT-UTZ raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Volumes of verified raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of first stage actors involved in the prioritized supply chains, classified in:</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of first stage actors involved in the certified UEBT supply chains, classified in:</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of first stage actors involved in the certified UEBT-UTZ supply chains, classified in:</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of first stage actors involved in the verified supply chains, classified in:</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p>	<p>Promoting active participation of field producers in discussion and negotiation on prices</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>Wages paid in line with minimum wage regulation, collective bargaining agreements or other official wage regulations</p> <p>The UTZ premium is spent in a timely, convenient and transparent manner - Internal only</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>*Growth in professionalism *Increased negotiation power and institutional capacity *Improved income opportunities *Improved access to services and goods</p>	<p>*Increase opportunities for value creation along the supply chain</p>	<p>*Complexity in interpreting requirements in particular situation while assuring compliance</p>
	Right of actors	<p>Equal remuneration for men and women for work of equal value</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>Promoting active participation of field producers in discussion and negotiation on sourcing activities</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>Ensure equal participation in trainings and awareness raising sessions for men and women</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>Respect of equal working hours of 48h per week</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>No involvement of children below 15 years hold in sourcing activities</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>*Improved salaries, safety, and working schedule</p>	<p>* Women involvement in relevant roles</p> <p>* No children involvement in economic activities</p>	<p>*Complexity in interpreting requirements in particular situation while assuring compliance</p>	
Conservation and sustainable use of biodiversity	Biodiversity friendly sourcing practices	<p>Size of production field for certified UEBT raw material - internal only</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Size of production field for certified UEBT - UTZ raw material - internal only</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Size of production field for certified verified raw material - internal only</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of prioritized raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of certified UEBT raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of certified UEBT-UTZ raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p> <p>Number of verified raw materials</p> <p><i>Per production system</i> <i>Per geographic areas</i> <i>Per country</i></p>	<p>Establishing good collection/cultivation practices to ensure negative impact on biodiversity are avoided/mitigated</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>Implementing good collection/cultivation practices to avoid/mitigate negative impact on biodiversity</p> <p><i>% members compliant</i> <i>% members per level of compliance</i></p> <p>*Increasing awareness on biodiversity</p>	<p>*Ensured restoration of used natural resources over time</p> <p>*Ensured regeneration of used biological resources over time</p>	<p>*Complexity in interpreting requirements in particular situation while assuring compliance</p>
	Actions for protection, regeneration and enhancement of biodiversity		<p>*Increasing awareness on biodiversity</p>		<p>*Complexity in interpreting requirements in particular situation while assuring compliance</p>

NOTE: Indicators with * are derived from the studies implemented in 2017-2018. They are indicators for medium and long term and unintended effects. In the UEBT approach to assessing effects, the areas of effects are defined in line with ToC while the indicators are specified and assessed case by case

ANNEX 3. UEBT by country 2018 and geographic regions definition



Country	Members	Certificate holders	N° of prioritized raw materials	N° of prioritized supply chains	N° of certified raw materials	N° of certified supply chains
Albania	0	0	1	2	11	15
Argentina	0	0	3	3	1	1
Austria	0	0	2	2	1	1
Bosnia and Herzegovina	0	0	0	0	1	1
Brazil	4	1	14	53	24	74
Bulgaria	0	0	2	6	20	31
Burkina Faso	2	1	5	9	3	4
Canada	0	0	1	1	0	0
Chad	0	0	1	1	0	0
Chile	1	1	1	1	2	5
China	0	0	5	6	1	1
Colombia	1	0	4	5	0	0
Comoros	0	0	1	2	0	0
Croatia	1	1	0	0	6	26
Czech Republic	1	1	1	1	0	0
Egypt	0	0	4	7	20	33
El Salvador	0	0	1	1	0	0
Finland	0	0	0	0	1	1
France	8	0	8	10	3	5
Georgia	0	0	0	0	7	7
Germany	6	4	5	5	26	52
Greece	0	0	1	1	0	0
Guatemala	0	0	2	4	0	0
Haiti	0	0	1	1	0	0
Honduras	0	0	1	1	0	0
Hungary	0	0	1	4	15	17
India	1	0	6	13	2	2
Indonesia	0	0	3	3	1	1
Israel	0	0	0	0	1	1
Italy	2	0	7	18	3	4

Country	Members	Certificate holders	Nº of prioritized raw materials	Nº of prioritized supply chains	Nº of certified raw materials	Nº of certified supply chains
Kazakhstan	0	0	0	0	8	8
Kosovo	0	0	0	0	18	21
Kyrgyzstan	0	0	0	0	1	1
Latvia	0	0	2	2	0	0
Lesotho	0	0	1	2	1	1
Madagascar	2	0	8	15	1	2
Mali	0	0	2	3	0	0
Mexico	1	0	2	4	3	3
Moldova	0	0	0	0	1	1
Morocco	0	0	8	8	2	2
Namibia	0	0	3	3	0	0
Nepal	0	0	1	1	0	0
New Caledonia	0	0	0	0	1	1
Nigeria	1	1	0	0	1	1
Paraguay	0	0	0	0	5	13
Peru	3	0	25	51	1	1
Philippines	0	0	1	1	0	0
Poland	0	0	3	3	8	26
Portugal	0	0	0	0	1	1
Réunion Island	0	0	1	1	0	0
Romania	0	0	3	3	0	0
Serbia	0	0	0	0	1	1
South Africa	1	0	3	4	0	0
South Korea	0	0	1	3	0	0
Spain	1	0	6	6	7	7
Sri Lanka	0	0	1	4	1	1
Tanzania	1	1	0	0	1	1
Thailand	0	0	1	1	1	1
Togo	0	0	1	1	0	0
Tunisia	0	0	1	1	0	0
Turkey	0	0	0	0	14	18
Uganda	0	0	2	2	0	0
United Kingdom	1	0	5	9	1	1
United States of America	1	1	1	1	3	6
Uzbekistan	0	0	1	1	0	0
Vietnam	1	0	5	5	0	0
Zambia	0	0	1	1	0	0
Zimbabwe	2	0	7	14	4	5



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UNION FOR ETHICAL BIOTRADE
De Ruijterkade 6, 1013 AA
Amsterdam, The Netherlands
Phone: +31 20 22 34567
Email: info@uebt.org

FINANCIAL ADMINISTRATION
p/a CR Gestion et Fiduciaire SA
Rue de la Vallée 3
1204 Geneva
Switzerland

BRAZILIAN REPRESENTATION
Porto Alegre
Phone: +55 51 999161702
Email: brazil@uebt.org

MALAGASY REPRESENTATION
Antananarivo
Phone: +00261330586161
Email: madagascar@uebt.org

VIETNAM REPRESENTATION
Hanoi
Phone: +84 (4) 243 237 3907
Email: vietnam@uebt.org

INDIAN REPRESENTATION
Ghaziabad
Phone: +91 981 810 1690
Email: india@uebt.org

UEBT MONITORING AND EVALUATION REPORT 2019

II. REACH AND SCALE OF UEBT PROGRAMS AND MEMBER ACTIONS FOR THE PERIOD 2018



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Version 1.0 - April 2020

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I. Findings level one: reach and scale, outputs

In 2018 (cut-off date 31st December 2018), UEBT had 42 Members. Nine of them had adopted UEBT/UTZ Herbal Tea certification, two others adopted UEBT ingredient certification. Two additional members adopted the UEBT ethical sourcing system certification. The 42 Members are based in 21 countries, with almost half in Europe and the other half in Africa and Latin America (Figure 1).

Figure 1 - Distribution of Members per geographic region - 2018

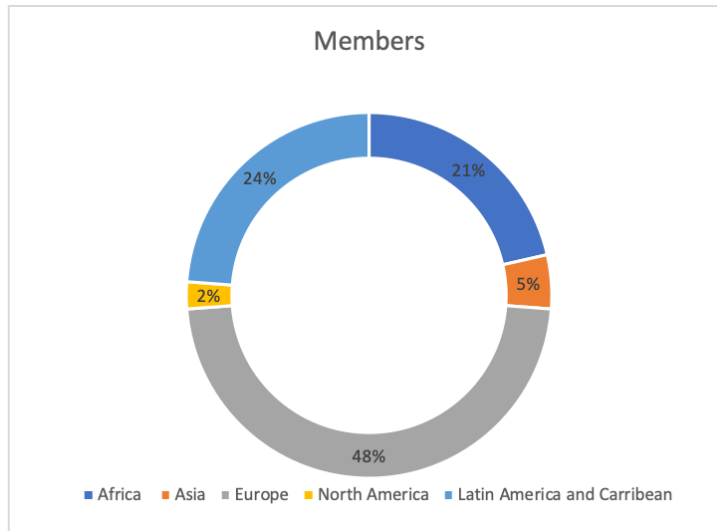
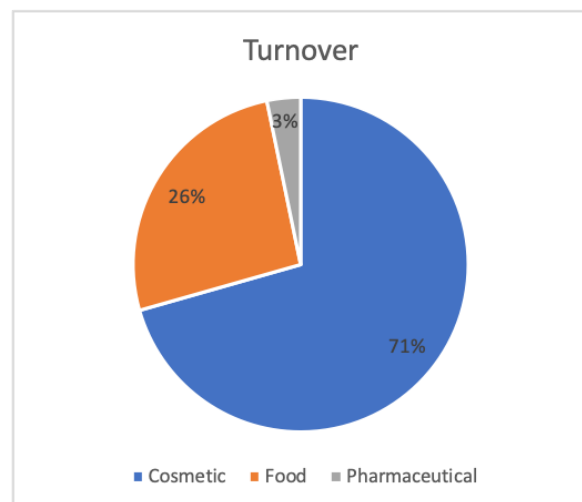


Figure 2 - Percentage of Members turnover per sector - 2018

The Members include companies from the cosmetics, food and pharmaceuticals sectors. In terms of annual turnover, cosmetics is the most relevant sector, generating more than 70% of the annual turnover declared by all the UEBT members for 2018, followed by the pharmaceutical sector (Figure 2).

Among the UEBT members there are 8 final product brands, 11 primary producers, 39 processing companies, 17 trading companies and 12 final product manufacturers. Most companies have more than one position in the supply chains.



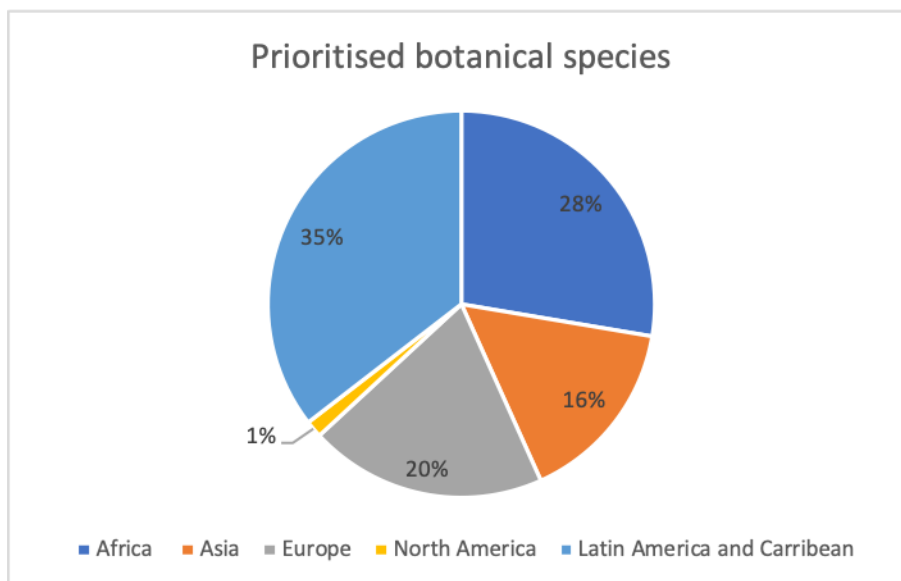
Several UEBT members are intermediary processors that work directly with producers. Whether or not a company has direct contact with local producers or collectors is significant because it affects how the company implements its UEBT membership obligations. Companies that have direct contacts with producers directly support and exercise a level of control over the implementation of Ethical BioTrade practices at a local level. Companies that do not have such contacts with local producers promote the practices more indirectly, i.e. through the terms under which they buy their ingredients from nature.

Members differ in the number of ingredients and supply chains that they handle. There are small companies with a single ingredient and supply chain, while other companies work with up to 650 botanical species and 1200 supply chains.

Prioritised ingredients

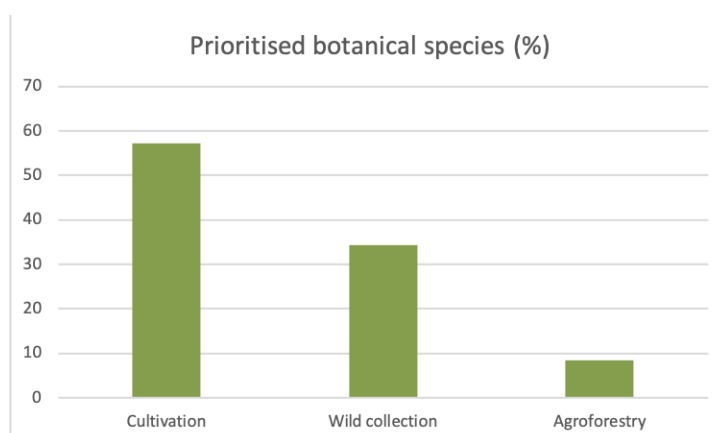
In 2018, UEBT members had prioritised 315 supply chains, involving 120 botanical species and 195 natural ingredients derived from these species. The prioritised botanical species are sourced from 52 different countries. 35% of the prioritised botanical species come from Latin America followed by 28% of prioritised botanical species being sourced from Africa and another 20% being sourced from Europe (Figure 3). 172 local suppliers are involved in the production of prioritised botanical species.

Figure 3 - Sourcing of prioritised botanical species per geographic region - 2018



When we look at production systems, in terms of numbers, most of the prioritised botanical species – 57% – derive from cultivated botanical species. 34% of the prioritised botanical species are collected from the wild, and 8% are sourced from agroforestry production systems (Figure 4). However, when talking about volumes, it appears that almost 100% of the total volume of prioritised botanical species originate from cultivation systems. This shows that although a non-negligible number of botanical species originate from other production systems, cultivation is the most productive system in terms of volumes.

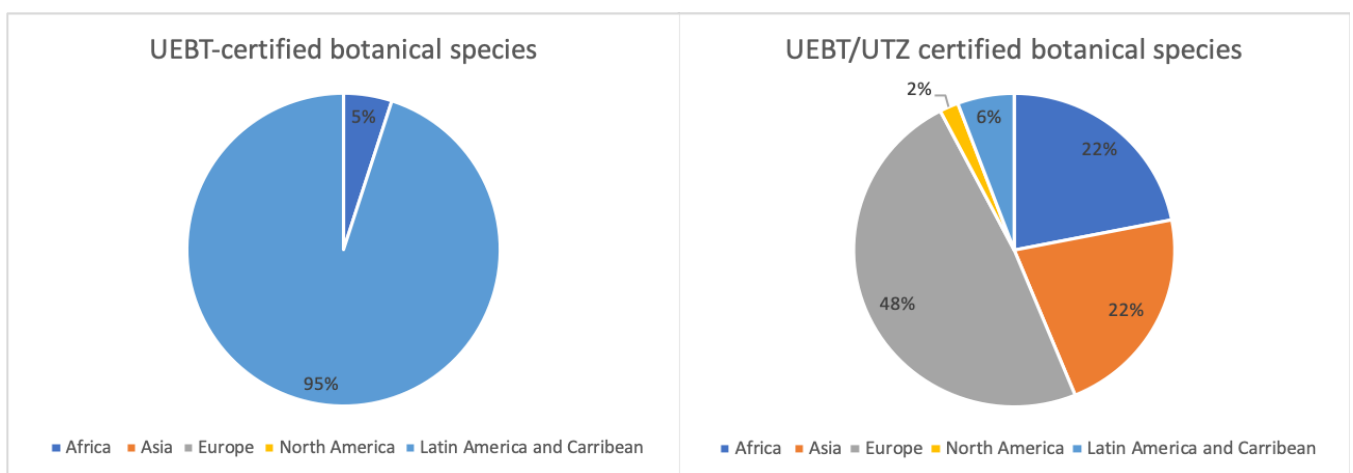
Figure 4 - Percentage of prioritised botanical species per production system – 2018



Certified ingredients

In 2018, UEBT members had certified 353 supply chains, involving 20 botanical species and 21 natural ingredients under the ingredient certification (UEBT's programme) and 65 botanical species and 107 natural ingredients under the Herbal Tea certification programme, which is a joint program between UEBT and UTZ (now Rainforest Alliance). The certified botanical species are sourced from 28 different countries. The volumes of UEBT certified botanical species are 905 tons while the volume of UEBT/UTZ certified botanical species are almost 18,000 tons. The majority of botanical species certified with the UEBT ingredient certification (95%) come from Latin America. Europe is the geographic region from which most of botanical species (49%) within the Herbal Tea certification are sourced (Figure 5). 32 Organisations at Source are involved in the production of UEBT certified botanical species, and 95 in the production of UEBT/UTZ certified botanical species.

Figure 5 - Sourcing of certified botanical species per geographic region - 2018



In terms of production systems, most of the botanical species certified UEBT – 60% – derive from wild collected botanical species, making 84% of the volume of UEBT certified botanical species. However, 63% of botanical species certified by UEBT-UTZ in the herbal tea programme are sourced from cultivated/farmed botanical species, which add up to 52% of the total volumes of botanical species certified by UEBT-UTZ (Figure 6). In both cases, the production of certified botanical species involves a higher percentage of field operators working in wild collection of botanical species than of field operators working in cultivation (Figure 7). In total, there are more than 5,000 field operators involved in the production of UEBT certified botanical species, and more than 35,000 for UEBT/UTZ certified botanical species.

Figure 6 - Percentage of certified botanical species and volumes per production system - 2018

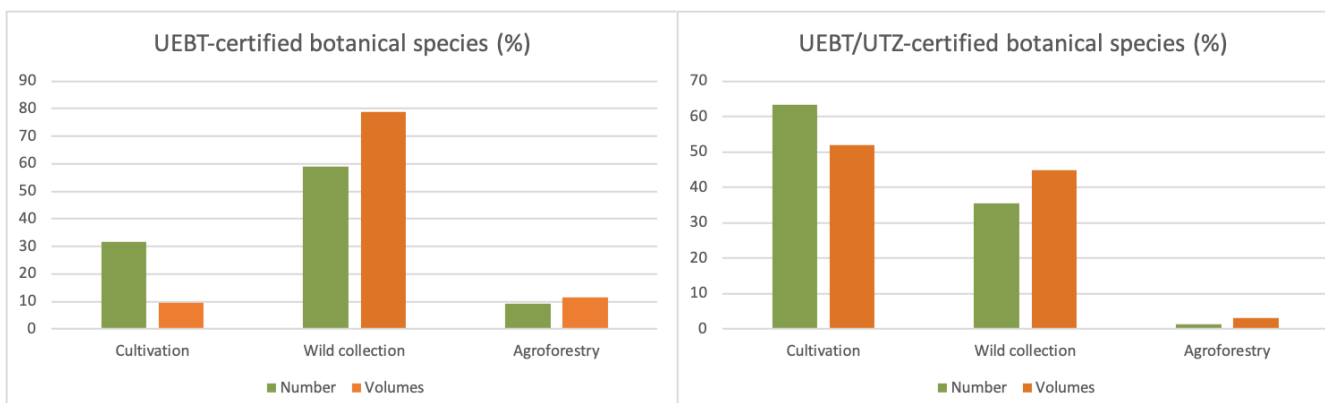
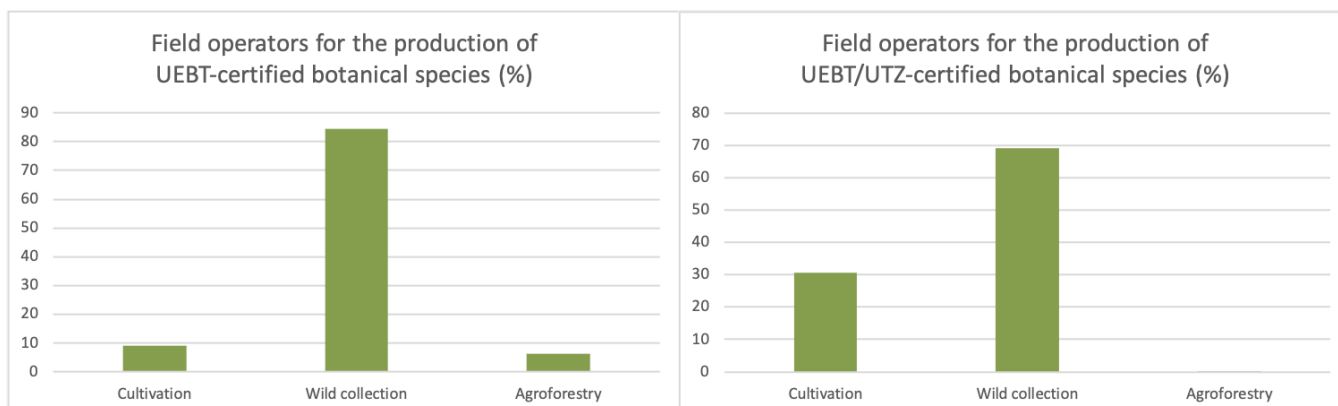


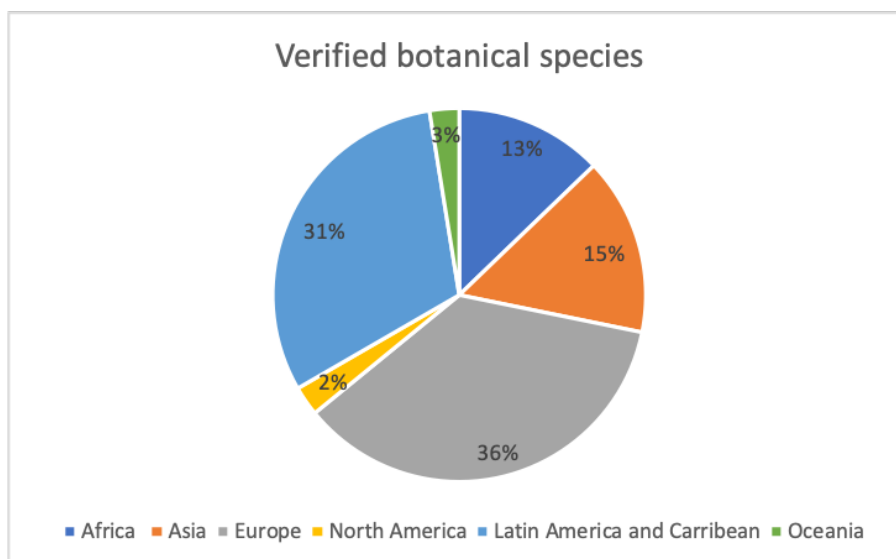
Figure 7 - Percentage of field operators involved in the certified supply chains per production system - 2018



Verified ingredients

In 2018, UEBT Members had verified 60 supply chains, involving 31 botanical species and 37 natural ingredients. The volumes of verified botanical species amount to a total of 2,100 tons. The verified botanical species are sourced from 26 different countries. The most important source of verified botanical species is Europe which accounts for 36% of the total, followed by Latin America with 31% (Figure 8). 36 Organisations at Source are involved in the production of verified botanical species.

Figure 8 - Sourcing of verified botanical species per geographic region - 2018



In terms of production systems, most of the verified botanical species (70%) derive from cultivation systems, forming 60% of the volume of verified botanical species (Figure 9). A vast majority of the more than 6,400 field operators involved in the production of verified botanical species work in cultivation systems as well (Figure 10).

Figure 9 - Percentage of verified botanical species and volumes per production system - 2018

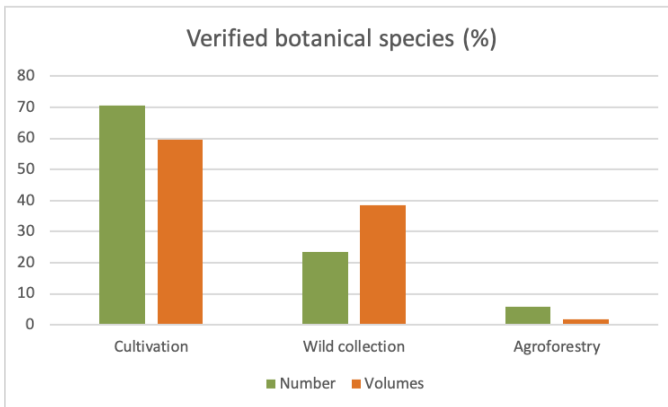
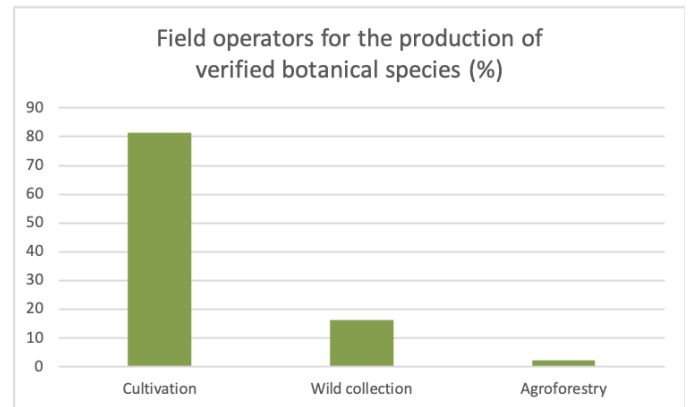


Figure 10 - Percentage of field operators involved in the verified supply chains per production system - 2018



II. Learning points from reach and scale analysis

When we look at UEBT members, the number of them is relatively small, and these companies are based in a limited number of regions of the world.

However, when we look at the members' reach in terms of botanical species, ingredients and supply chains that are prioritised, certified and verified the figures are much higher, and the scale becomes clearer.

We also see that the sourcing of prioritised and certified ingredients by UEBT members occurs all over the world. UEBT members' sourcing of ingredients from nature concerns regions of the world that are significant for biodiversity conservation and sustainable use of biodiversity, as well as for socio-economic development.

The actions that UEBT members and their suppliers implement as part of the UEBT membership and certification programs therefore cover both biodiversity and socio-economic dimensions of sustainability, have a reach covering several continents, and involve improvement of sourcing practices for hundreds of botanical species and ingredients from nature, for thousands of supply chains, and affecting tens of thousands of field operators.



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UNION FOR ETHICAL BIOTRADE
De Ruijterkade 6, 1013 AA
Amsterdam, The Netherlands
Phone: +31 20 22 34567
Email: info@uebt.org

FINANCIAL ADMINISTRATION
p/a CR Gestion et Fiduciaire SA
Rue de la Vallée 3
1204 Geneva
Switzerland

BRAZILIAN REPRESENTATION
Porto Alegre
Phone: +55 51 999161702
Email: brazil@uebt.org

MALAGASY REPRESENTATION
Antananarivo
Phone: +00261330586161
Email: madagascar@uebt.org

VIETNAM REPRESENTATION
Hanoi
Phone: +84 (4) 243 237 3907
Email: vietnam@uebt.org

INDIAN REPRESENTATION
Ghaziabad
Phone: +91 981 810 1690
Email: india@uebt.org

UEBT MONITORING AND EVALUATION REPORT 2019

III. CHANGES AND EFFECTS PROMPTED BY UEBT REQUIREMENTS IN THE SHORT, MEDIUM AND LONG-TERM FOR THE PERIOD 2018



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I. Findings level two: the medium-term effects

UEBT Members integrate the Ethical BioTrade standard into their management systems. In this way, companies gradually implement the Ethical BioTrade standard at two levels: within their own sourcing, research, product development and other relevant operations and along their supply chains.

Implementing the Ethical BioTrade standard is a process through which companies and their suppliers conduct activities such as:

1. Setting a clear Ethical BioTrade vision and related targets
2. Integrating Ethical BioTrade principles and practices in the sourcing system
3. Conducting a risk assessment on ingredient portfolios
4. Developing a due diligence system on access and benefit sharing (ABS)
5. Defining a field-level certification system
6. Setting up a traceability system for certified supply chains
7. Promoting Ethical BioTrade practices for prioritised/certified ingredients
8. Contributing to improving conditions at the field level

The analysis below shows how UEBT Members undertake these activities, how the process evolves (e.g. the factors that stimulate progress and the challenges), and how it is perceived by the people involved (e.g. actual or expected benefits associated with it).

The section 1.1 reports on the progress made by a group of UEBT Members and their suppliers, between their initial and follow up audit and then for any UEBT who are moving from the second audit to further audits. Such an analysis is based on information gathered through audits and annual reports submitted in 2018.

Progress with regards to UEBT membership and certification requirements is assessed and structured in four categories:

- Full compliance – requirements are fulfilled at the top level
- Progress made – levels of compliance have increased, but there is room for improvement
- Stable – levels of compliance remain stable, but there is still room for improvement
- Correction required – there are corrective actions needed to reach even a basic level of compliance.

Section 1.2 reports on how the process of aligning sourcing practices with Ethical BioTrade principle unfolds and its effects, as perceived by UEBT Members. The analysis in this section is based on the results of three in-depth evaluation studies involving three UEBT Members in three different programs: membership, UEBT ingredient certification, UEBT-RA Herbal Tea certification.

It is important to note that the data in each graph throughout this report is shown for UEBT members who are in a particular time frame of their audit process during 2018. For example, while there are 42 total UEBT members, some may have moved during 2018 from their first to their second audit (and so their data would be included in those graphs), while others might be moving from their second audit onwards (and their data on progress would be included in these 'second audit onward' graphs). Therefore, the data is not to be viewed across graphs by indicator as if the exact same group of companies is moving from first to second to additional audits.

In other words, each graph shown in this report should be viewed on its own as the data comes from a different group of companies, scoring differently in the two graphs.

1.1 ANALYSIS OF PROGRESS IN ETHICAL BIOTRADE REQUIREMENTS IMPLEMENTATION

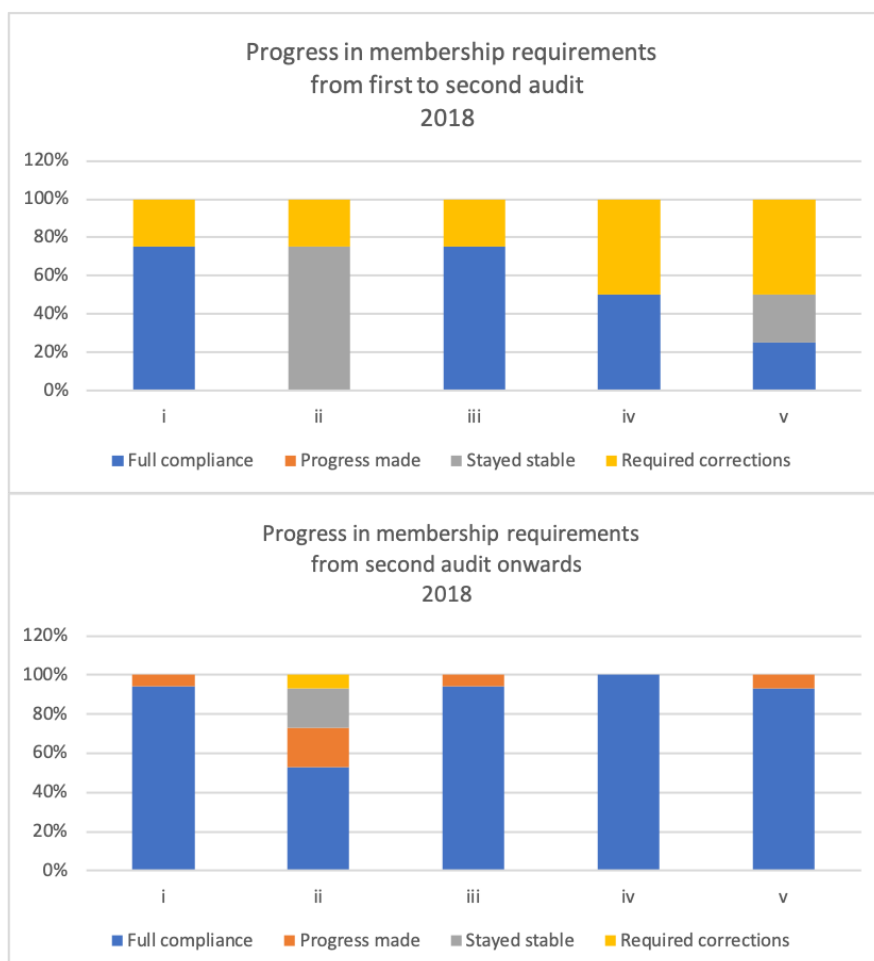
UEBT members

There are 5 membership requirements considered in this analysis, namely:

- i. Setting Ethical BioTrade commitments
- ii. Making the commitments publicly available
- iii. Defining an Ethical Sourcing System for natural ingredients within the membership scope
- iv. Implementing risk assessments of the same ingredients
- v. Defining an ABS due diligence system

Results for 2018 are summarised in Figure 1.

Figure 1 - Percentage of UEBT members per level of membership requirements fulfilment - 2018



Three-quarters or 75% of UEBT Members going from the first audit to second reached full compliance with respect to the requirements of (i) setting Ethical BioTrade commitments and (iii) having defined an Ethical Sourcing System. Half of UEBT members fulfilled the requirement of (iv) conducting risk assessments on their natural ingredients' portfolio. Half of UEBT are required to implement corrections.

There is more room for improvement in requirements (ii) having Ethical sourcing commitments publicly available,

and (v) having a due diligence system to comply with ABS. In these two membership requirements, the percentage of members who did not show changes in the degree of compliance fulfilment or that required corrections, was higher than the percentage of members that reached full compliance with the requirements. For (ii) publicly available commitments, 75% of members were not yet in full compliance but did not reach a higher degree of fulfilment compared to their previous audit, while 25% required corrective actions. For (v) due diligence systems, 25% of members were in full compliance, 25% of members were not yet in full compliance but did not reach a higher degree of fulfilment compared to their previous audit, while 25% required corrective actions.

When analysing members from the second audit onward, compliance levels are higher, with more than 90% of members who were at this stage in the audit process reaching full compliance in four of the requirements. For (ii) making Ethical sourcing commitments publicly available, 20% of members reached a higher degree of compliance than their previous audit (but still had room for improvement), another 20% were not yet in full compliance but did not reach a higher degree of fulfilment compared to their previous audit and 7% of members required corrections.

The results in Figure 1 show that from the first to the second audit, UEBT members focus on, and reach considerable levels of fulfilment in, setting up their sourcing practices to be aligned with Ethical BioTrade principles. This includes setting commitments and defining their ethical sourcing system as well as starting to implement risk assessments of their ingredient portfolio. The definition of the due diligence system to comply with ABS requires more improvements before being fulfilled. ABS is seen as crucial, but it is a complex area for many companies because the laws are often not clear, and things are evolving from country to country. In addition, the requirement is connected to the requirement on implementing risk assessments of the ingredients' portfolio. Until risks assessments are completed, it can be difficult to identify what may be required for ABS due diligence.

From the second audit onward, a structure emerges that seems to allow UEBT members to implement sourcing activities in line with Ethical BioTrade practices. Some members continue to struggle with making commitments publicly available. In several cases, internal policies do not allow for this or the company does not prioritise in their communication strategies. Some members have commitments written inside internal policy documents or reports and then make those available when a customer requests them.

UEBT members with UEBT ingredient certification

UEBT members that hold ingredient certification are required to adapt their sourcing practices even further to integrate Ethical BioTrade principles. They undergo this through the following activities, among others:

- i. Establishing policies, procedures, and guidelines to regulate the certification system (or Internal Monitoring System) at the level of the certificate holder.
- ii. Establishing rules and procedures for a certification system (or Local Monitoring System) to be operated at the level of the suppliers to the certificate holder and to complement or replace the certification system at the level of the certificate holder.
- iii. Establishing procedures to incentivise continuous improvement of suppliers and producers in the fields regarding Ethical BioTrade practices.
- iv. Implementing procedures to incentivise improvement and close any non-conformities.

The process of certification requires that the above listed practices, procedures, policies are already in place at the time of the certification audit. In few cases a timeframe of three months is allowed post-audit to set up or improve these activities.

Results in Figure 2 are based on audit report findings for 2018 before any three-month-period improvement actions were implemented.

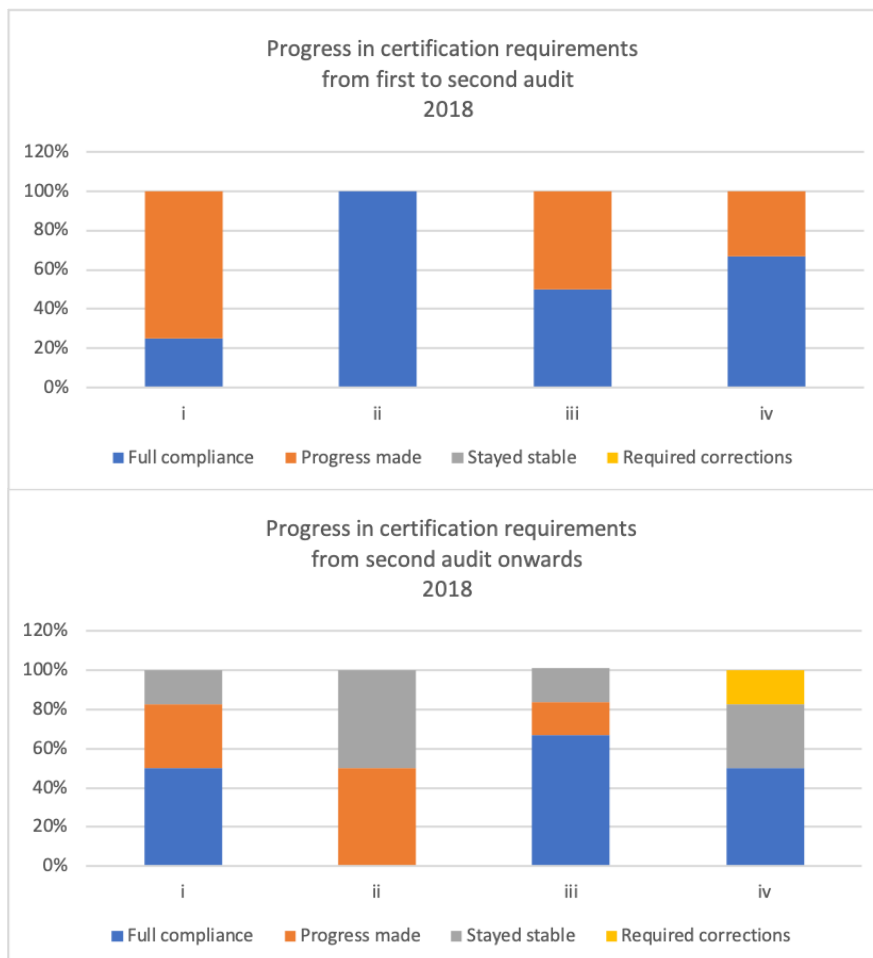
All the certificate holders going from the first audit to second reached full compliance or showed progress (a higher degree of compliance) for all requirements considered in the analysis.

From the second audit onward, a higher percentage of certificate holders analysed at this stage in their audit process were in full compliance with indicator I (Internal Monitoring System, i.e. 50% in full compliance versus 25% from the first to second audit). However, 17% of certificate holders did not make progress from the second audit onward for indicator I.

Similarly, for indicator III (procedures to incentivise continuous improvement), and from the second audit onwards, a higher percentage of certificate holders were in full compliance (67% vs 50%). However, 17% of certificate holders did not make progress and still have room for improvement.

For indicator IV (implementing procedures to incentivise improvement and compliance and close non-conformities), 17% of certificate holders have been asked to implement some corrections in order to fulfil the requirement.

Figure 2 - Percentage of certificate holders per level of UEBT ingredient certification requirements fulfilment - 2018



It can be concluded that the certification approach allows improvements to be identified and fosters the implementation of those required changes. This approach is particularly useful for establishing a certification system that emphasises and ensures continuous improvements of requirements that take time to fully implement. The presence of non-conformities, their closure, and additional pieces of progress that move a certificate holder into a higher degree of compliance, are what show that the system is creating positive change. Continuous improvement may require more effort at the supplier level than at the level of the Certificate Holder. For example, we see that from the second audit onward, 50% of the certificate holders fulfilled the set-up of an Internal Monitoring System, while none yet fulfilled the set-up of a Local Monitoring System. Both certificate holders and suppliers, but more significantly the suppliers, reach a degree of compliance with the requirements but still show room for improvement even after the second audit.

This was also true for requirement IV (implementation of improvement actions and closing non-conformities). In this requirement, 17% of the certificate holders are required to introduce corrections to improve fulfilment.

Changes required for certification take time for negotiating and learning and may face context-specific challenges that slow down the process. These requirements are more complex than those required for UEBT membership and the significant percentages of complete fulfilment of membership requirements (Figure 11), especially from the second audit onwards shows that they are more achievable. Moreover, the certification system is a dynamic one; it will have adjustments over time such as when a company adds new ingredients to be covered in the certification. UEBT's case studies in section 1.2 provide some evidence of these dynamics.

Certificate holders working directly with local producers

There are some additional requirements that certificate holders must put in place (if not in place already) because of certification. These requirements concern certificate holders that work directly with producers in the field (i.e. farmers and collectors and primary processors) and are responsible for both the implementation of some requirements by these producers and also the sourcing activities in the field level.

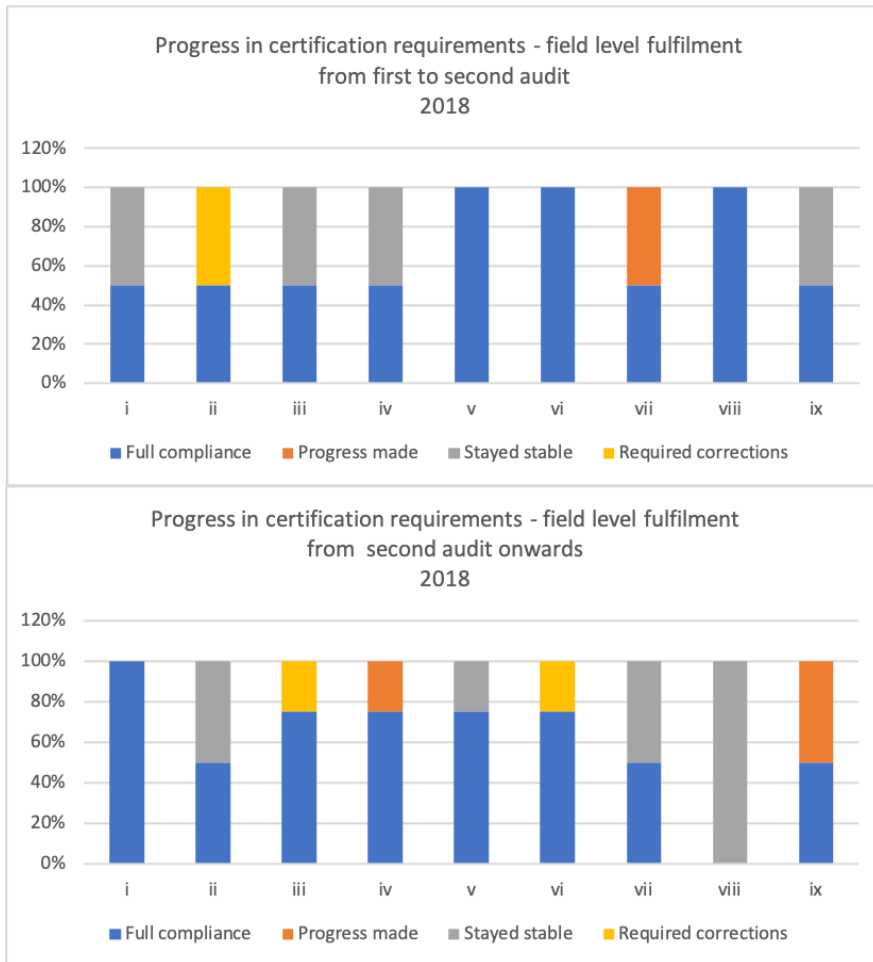
The main certification related practices include:

- i. Defining good collection/cultivation practices to ensure negative impacts on biodiversity will be avoided/mitigated.
- ii. Implementing those good collection/cultivation practices to avoid/mitigate negative impacts on biodiversity.
- iii. Promoting active participation of field operators in discussions and negotiations on sourcing activities.
- iv. Promoting active participation of field operators in discussions and negotiations on price.
- v. No involvement of children below 15 years of age in sourcing activities.
- vi. Paying wages in line with minimum wage regulations, collective bargaining agreements or other official wage regulations.
- vii. Equal remuneration for men and women for work of equal value.
- viii. Ensuring equal participation in trainings and awareness raising sessions for both men and women.
- ix. Respecting regular working hours of 48h per week.

The process of certification requires that the above-listed practices are already in place at the time of the certification audit. In a few cases a timeframe of three months from the audit is allowed for reaching these if they are not in place.

The results in Figure 3 are based on findings of audit reports for 2018 before any three-months improvement actions were implemented.

Figure 3 - Percentage of certificate holders meeting the UEBT ingredient certification requirements - field level fulfilments - 2018



From the first to the second audit, at least half and as much as all (50% to 100%) the certificate holders were fully complying with the field certification requirements listed above. For most of the requirements where 50% of the certificate holders reached full compliance, the other half or 50% of certificate holders remained stable in their degree of compliance (but still showed some room for improvement). For requirement II (implementation of good collection and cultivation practices to mitigate or avoid negative impacts) half or 50% of certificate holders required corrections to be able to reach full compliance. For requirement VII (ensuring equal remuneration for men and women), the half or 50% of certificate holders that were not in full compliance, did show progress towards improvements.

From the second audit onwards, complete fulfilment of most of the field certification requirements ranges from 50% to 100% overall by requirement. In other cases, certificate holders made progresses compared to the audit before – this includes 25% for requirement IV (promoting participation in discussions and negotiations around price), and 50% for requirement IX (respecting regular working hours). Some have been required to make corrective actions to

improve their level of fulfilment – this includes 25% for requirement III (promoting participation in discussions and negotiations around sourcing) and 25% for VI (paying wages in line with regulations and agreements).

From the results in Figure 3, most of the certificate holders reach full compliance with the field certification requirements during the period of time from the first to the second audit and also from the second audit onwards. For a minority of certificate holders, some extra effort is required to increase the level of fulfilment and this is found particularly in the implementation of good collection and cultivation practices, producer involvement in negotiation processes and paying wages in line with regulation and agreements. Those are requirements that require a certain level of documentation to be fully assessed and often the improvements required are related to more thorough documentation.

Learning points from UEBT requirements fulfilment

As part of the UEBT membership and certification processes, members introduce changes in the companies' strategy that will include Ethical BioTrade commitments. In addition, how sourcing is managed is adjusted at the company and supplier levels to consider risk assessments for the ingredient portfolio, traceability, verification and ABS due diligence.

Changes are introduced at the field level as well. Certain collection and farming practices are required for the sustainable use and conservation of biodiversity and for good working conditions (some of the Ethical BioTrade principles). In addition, companies and suppliers extend their actions beyond the supply chains to generate positive effects on the socio-economic conditions of the local communities.

These improvements are introduced and allow the company to reach higher degrees of compliance. The UEBT membership process allows UEBT members to set their own improvement plans while the certification process sets more rigorous deadlines for compliance. Moreover, there are changes that are easier to introduce, while other require more time to be fully implemented.

The case studies presented below show the process behind the implementation of these improved practices and they shed light on what factors stimulate progress or slow down progress. They also show the perceived positive and expected benefits and any unintended negative effects. The studies aim to back up and expand our monitoring and evaluation programme with qualitative information on findings and learning points derived from the analysis of compliance.

UEBT Members satisfaction with UEBT

Every year UEBT Members are asked to express their satisfaction with what the membership process and UEBT in general offers to them.

In 2019, the 90% of UEBT Members that completed the survey stated they were either 'satisfied' or 'highly satisfied' with the overall functioning of UEBT. More specifically, the Members appreciate the value of UEBT membership for their clients and the value of networking opportunities obtained from membership.

UEBT Members appreciate the support provided by UEBT. All UEBT Members taking part in the survey consider guidance notes and tools and technical assistance to be useful. The Ethical BioTrade Standard and the outcome of UEBT's membership audit are also considered as useful guidance to improve sourcing practices toward full compliance with Ethical BioTrade principles

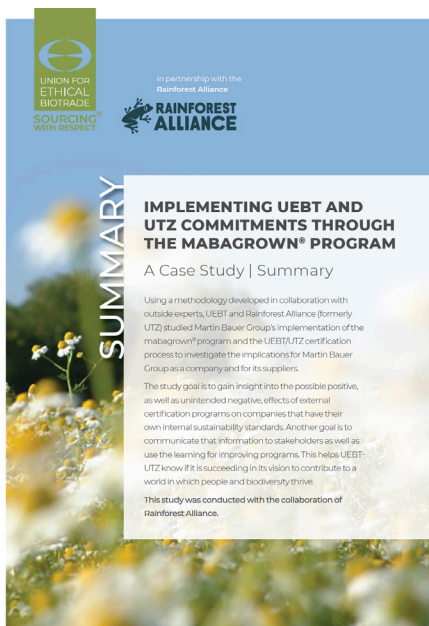
Improvements are suggested: increasing the contribution of UEBT membership to boost companies' recognition, increasing the usefulness of technical assistance, and improving the effectiveness of UEBT communication.

1.2 MEDIUM-TERM EFFECTS OF UEBT MEMBERSHIP

In 2018, one case study was conducted on the changes and effects of UEBT certification requirements on a single company – the Martin Bauer Group. It was focused on a long-term member of UEBT that is also certificate holder for the UEBT-Rainforest Alliance (RA) herbal tea certification. The company has its own sustainability standard and assurance system which is recognised by UEBT and RA. Martin Bauer Group is based in Europe and has supply chains all around the world. The [summary of the study](#) is published in the UEBT website.

The study completes a series of case studies where two other members ([Weleda](#) and [Natura](#)) with other membership and certification statuses are studied. The Weleda study concerned changes and effects in a company involved in the membership process. The Natura study concerned the ingredient certification program.

The studies have provided insight into the process of adopting UEBT principles and practices in the sourcing of natural ingredients and on the effects of this process in relation to the following guiding questions:



QUESTIONS:

1. Which actions UEBT companies and their suppliers implement to fulfil their sustainability commitment to the UEBT membership and certification processes?
2. What fosters and, otherwise, slows down the implementation of the actions?
3. Which effects are perceived – expected or unintended - at the company's and suppliers' level as results of the actions?
4. Which adjustments can be made to continue the sustainability commitment, to promote the achievement of desired effects, as well as overcome any hampering factors and negative effects?

Learnings from the cases (medium-term effects)

From the cases studies on the changes and effects experienced by members along the UEBT membership and certification process the following can be learned:

- ✓ **Better traceability can be a business case for change:** for both companies the impetus for a change in their natural ingredient sourcing strategy was limited traceability. Another impetus was the realization of the missing aspects of social and biodiversity systematically included in sourcing systems in the same way that quality and other technical aspects are regularly included in these same systems.
- ✓ **System-based standards are well suited to support company-wide sourcing commitments:** the studied companies selected the UEBT standard because of its holistic focus on social, economic and ecological issues and because it is system-based. A product-based standard was not deemed suitable because of the large number of ingredients the companies work with.
- ✓ **Companies need committed leadership, resources and adaptable structures:** The commitment of company leadership as well as adequate monetary and human resources to fulfil the sustainable sourcing strategy are crucial for success. Procedures and tools that can be integrated with new requirements eases the process than starting it from scratch.
- ✓ **Leader's vision needs the buy in from staff.** In both cases changes and increasing workloads and complexity comes with challenges for the staff who will have to implement the tasks. Understanding the vision behind these changes facilitates staff motivation and collaboration.
- ✓ **Having a verification system contributes to more decisiveness in the field.** The Natura case showed that having a verification system in place with yearly audits contributes a great deal to regular interactions with producers and communities and drives actions along those lines.
- ✓ **Complexity of requirements, resource constraints and lack of staff understanding of changes required slow down the process.** These factors create tension within companies and along supply chains and can slow down change. They have more of an impact at the field level than at the company level. The Natura case shows that field implementation, taking up audit recommendations (particularly on biodiversity) and building trust with communities can be slow processes.

II. Findings level three: the long-term effects

UEBT certification attests that natural ingredients are sourced with respect for people and biodiversity, in line with the Ethical BioTrade Standard. In this context, certified supply chains provide an opportunity to measure the long-term impact of interventions made by certificate holders and their suppliers.

In particular, in the context of the UEBT/RA herbal tea certification, RA and UEBT are implementing six evaluation studies over a period of three years: 2019-2021. Results are not available yet.

In 2016, two base-line studies were conducted, guided by the following research questions:

1. What is the initial situation for collectors – working in two different contexts and supply chains – with regards to socio-economic conditions?
2. To which extent are they aware of biodiversity and take actions to promote it?

The baseline will be instrumental to monitor and evaluate impact in a follow-up study. Key areas of impact considered include conservation and sustainable use of biodiversity, rights of actors and the role of UEBT members. Some early insights have been derived so far from the baseline studies. The insights concern the early results of the certification program under investigation. The insights can already be used to formulate recommendations for strengthening the program.

A ‘tailor-made’ evaluation approach was developed for the baseline studies, given that the herbal tea supply chain is complex and different from tea and other supply chains. In addition, the methodology has been adapted for each of the studies. This is to reflect the context in each of the two countries selected, as well as differences in the production systems (collection and cultivation), the number of producers/collectors and type and influence of local purchasers.



Herbal tea program UEBT/Rainforest Alliance

UEBT and Rainforest Alliance (RA) offer a joint certification program for herbal and fruit tea. This program covers all plants and parts of plants (leaves, fruits, flowers, seeds, roots) that are used to make herbal and fruit teas, both from cultivation and wild collection.

The UEBT Ethical BioTrade standard fits the large number of different herbs at low volumes used in the herbal tea sector. RA brings its traceability system and the RA label. The collaboration provides a good solution to address sustainability issues in the global herbal tea sector.



Learnings from the baselines (long-term effects)

From the assessment of the situation before certification the following learning points can be shared:

- ✓ **The main issues concern biodiversity.** Challenges were identified with respect to natural resource management, both in the production fields and around them, in a way that their restoration is ensured over time. Over-use, poor management and changing climatic conditions are behind these challenges. There is a general recognition that the environment is important and requires attention, coupled with low awareness on what can be done and what are the means to put such actions in place.
- ✓ **In socio-economic aspects, improvements were seen with respect to the conditions and social infrastructures in place.** These include the empowerment of women along the supply chain, the involvement of children, poverty levels and income generation. All these aspects could be improved as far as the conditions in the study groups were not different from the situation in the control group at the pre-certification point. Actions could be planned to stimulate opportunities for additional value and quality creation along the supply chain, participation of women in relevant roles and sensitisation for risk of children's involvement in economic activities.

UEBT and RA conclude that for the follow up study the focus should be on ascertaining, both quantitatively and qualitatively, changes and effects at both producer/collector level and at the company levels that can be attributed to the UEBT/RA herbal tea certification program. More attention will be given to how the contexts and other aspects might affect the results of the program as well as to its unintended effects.



UEBT is a non-profit association that promotes sourcing with respect. Its mission is to support and validate best practices of companies committed to ethical sourcing and innovation of natural ingredients for the benefit of people and biodiversity.

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UNION FOR ETHICAL BIOTRADE
De Ruijterkade 6, 1013 AA
Amsterdam, The Netherlands
Phone: +31 20 22 34567
Email: info@uebt.org

FINANCIAL ADMINISTRATION
p/a CR Gestion et Fiduciaire SA
Rue de la Vallée 3
1204 Geneva
Switzerland

BRAZILIAN REPRESENTATION
Porto Alegre
Phone: +55 51 999161702
Email: brazil@uebt.org

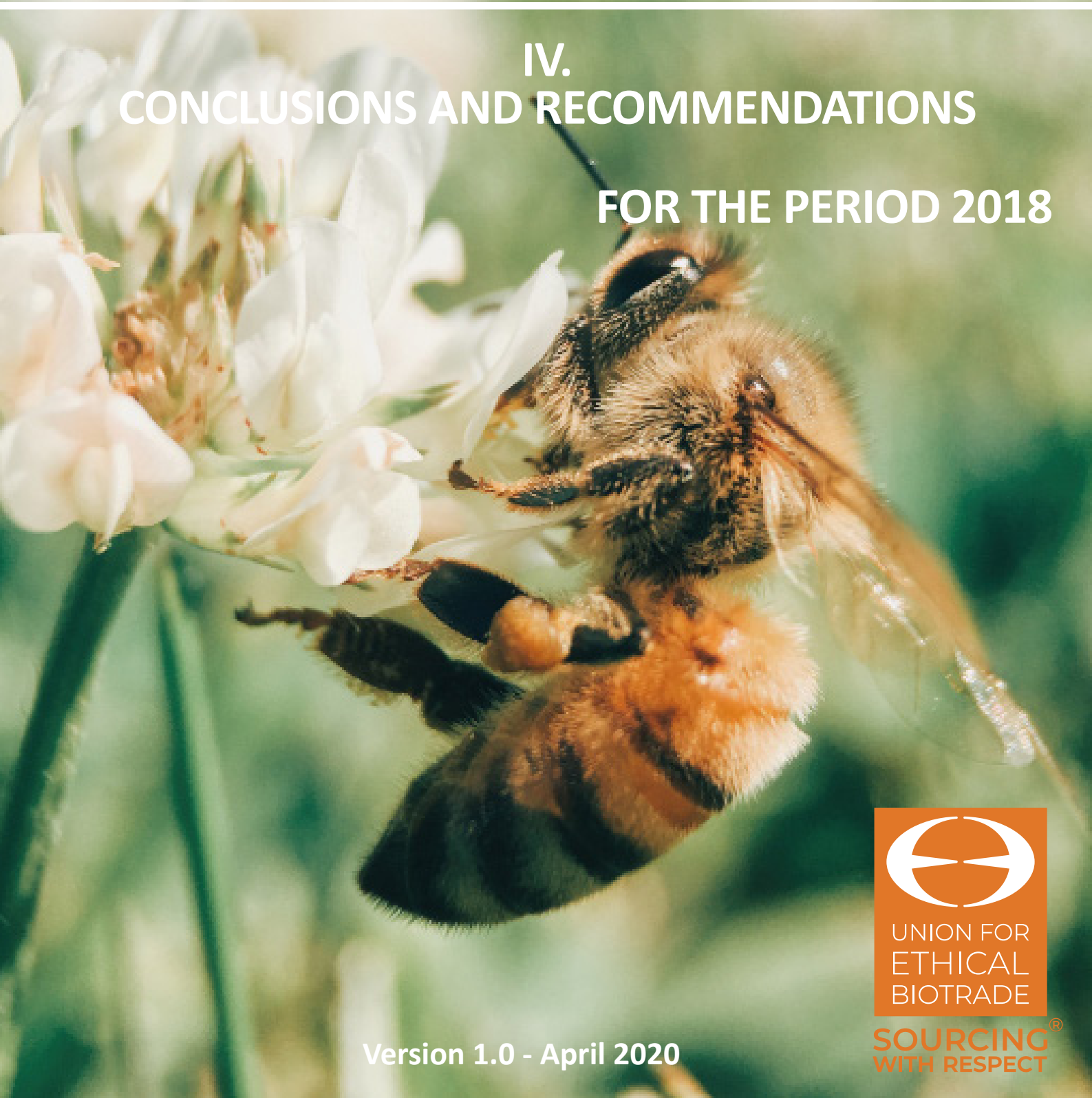
MALAGASY REPRESENTATION
Antananarivo
Phone: +00261330586161
Email: madagascar@uebt.org

VIETNAM REPRESENTATION
Hanoi
Phone: +84 (4) 243 237 3907
Email: vietnam@uebt.org

INDIAN REPRESENTATION
Ghaziabad
Phone: +91 981 810 1690
Email: india@uebt.org

UEBT MONITORING AND EVALUATION REPORT 2019

IV. CONCLUSIONS AND RECOMMENDATIONS FOR THE PERIOD 2018



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Version 1.0 - April 2020

Conclusions and recommendations

The M&E report allows for reflection on UEBT's work. Over the years, UEBT has expanded from a membership organisation to running two certification programs, one of them in collaboration with another standards organisation.

The development of responsive and differentiated programs, the interest from new and existing members in engage in these programs, and the interest from reputable standards organisations in creating partnerships with UEBT, are all signs of the ability of UEBT to deliver on its mission and vision.

In addition, several positive effects have been experienced by companies, suppliers and field operators that join UEBT programs. This emerges from the studies conducted. There have been some perceptions of unintended negative effects of UEBT's work, and these relate to the complexity of implementing the UEBT requirements at different levels of the supply chains.

In the coming years, UEBT will need to balance the attention it places on companies – which is a strong focus of its work – with the attention it places on field operators and their communities. The new UEBT standard will be informed by this desired balance and will provide a tool to achieve it. Guidance will be developed to support the process of compliance with UEBT requirements at different levels of the supply chain.

Members and field operators will be provided with tools and examples on good practices and how to implement them. Furthermore, members shall be supported on how to communicate about UEBT – both internally and externally. It shall become easier to explain what UEBT is and how UEBT helps to foster sustainability. These communications will also make it easier to understand why it is worth undertaking the (sometimes complex) effort of complying with the UEBT standard.

For actions in the field, it will be important to enter, and take a position on, the debate around living income to understand what this means and how it can be interpreted in the types of companies UEBT works with. On regenerating biodiversity, UEBT will need to share approaches and guidance that make the concept of promoting biodiversity understandable and workable in different contexts. This guidance will be developed without being prescriptive, allowing for 'bottom up' actions by local people, but also ensuring that it does 'guide' the actions so they are most likely to have a positive impact.





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UNION FOR ETHICAL BIOTRADE
De Ruijterkade 6, 1013 AA
Amsterdam, The Netherlands
Phone: +31 20 22 34567
Email: info@uebt.org

FINANCIAL ADMINISTRATION
p/a CR Gestion et Fiduciaire SA
Rue de la Vallée 3
1204 Geneva
Switzerland

BRAZILIAN REPRESENTATION
Porto Alegre
Phone: +55 51 999161702
Email: brazil@uebt.org

MALAGASY REPRESENTATION
Antananarivo
Phone: +00261330586161
Email: madagascar@uebt.org

VIETNAM REPRESENTATION
Hanoi
Phone: +84 (4) 243 237 3907
Email: vietnam@uebt.org

INDIAN REPRESENTATION
Ghaziabad
Phone: +91 981 810 1690
Email: india@uebt.org