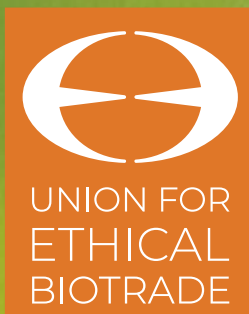

UEBT MONITORING AND EVALUATION REPORT

2018



SOURCING[®]
WITH RESPECT

Version 1.0
July 2019



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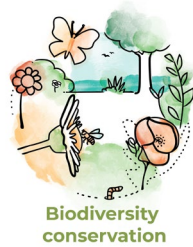
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I. About UEBT

The Union for Ethical BioTrade (UEBT) is a non-profit association that supports and verifies companies' commitments to and actions on biodiversity-based innovation and sourcing that respect people and 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
- Local economic development
- Compliance with laws
- Respect for worker rights
- Clarity on 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 botanical ingredients
- Collaborating with companies and other partners to address special issues
- 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 prioritised and certified 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	Section in this report where results are presented
Level 1: Reach and scale - outputs	No. members, certificate holders, ingredients and supply chains, field operators in UEBT programs	Member and audit reports	Annually	All trading members and certificate holders Coverage 2017 30 members included 11 missing 3 reporting for 2016	Section 5
Level 2: Change and medium-term effects - outcomes	Actions taken to implement Ethical BioTrade requirements	Member self-assessments and audit reports	Annually	All trading members and certificate holders Coverage 2017 38 members included 3 missing ¹	Section 6
	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 2017 1 member 1 certificate holder	
Level 3: Long-term effects of - impact	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 2017 None	Section 7

III. Data source and coverage

LEVEL 1 THE REACH AND SCALE OF MEMBERSHIP AND CERTIFICATION PROGRAMS

The UEBT M&E system is currently able to provide information on the reach and scale of overall UEBT Trading Members and countries involved in the membership and certification programs. Information is reported in the form of descriptive statistics on the number of members, certificate holders, number of ingredients and supply chains they work with, and number of field workers including farmers, farm workers and collectors.

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.

¹ Missing are those reports that were not finalised yet at the moment of the analysis or that were not asked because trading members were in their first year of membership

The information presented in this report reflects figures for 2017 and is based on what has been recorded in the UEFT system through December 2018 (cut-off date was 10 December 2018). Between 2017 and 2018, 11 members have not been required to provide information on reach and scale because of it being their first year of membership. Information is missing for them from the overall figures. Three members have been late in reporting on M&E information. The information considered for those three members concern the year 2016. In total, reach and scale information concerns 30 members out of 41.

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 Trading Members – and certification audit reports - for certificate holders - are analysed to obtain information on the implementation of UEFT standard: what UEFT members do to fulfil Ethical BioTrade requirements. The information in the audit reports is based on auditors' observation and documents check, which take place every year for certificate holders and every three years for Trading 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 conformities with UEFT requirements in 2017-2018, based on a total of 40 companies' audit and annual reports submitted. In total information is available on 38 members and certificate holders. The 11 members who were not required to report on reach and scale have been assessed against some of the UEFT requirements. So, information is available for those requirements. The missing information concerns the three members whose audit or annual reports were not final at the time of the analysis². For one member, who works with certified suppliers, three audits were conducted in 2018 and three audit reports – one membership and two certification – issued. They have all been considered in the analysis as they report about three different settings and, therefore, different requirements.

A selection of the verification 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.

² They are not considered in the analysis of requirements implementation as this information is more likely to be changed than the information on reach and scale

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 score is reported and it calculated over the total number of members or certificate holders actually assessed per each criterion / verification check.

Besides the analysis of 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 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 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).

Between 2017 and 2018, two studies have been conducted on changes and effects. They concern two long-term members of UEBT with two different settings. One of them is a trading member; the other is a trading member and also certificate holder with ingredient certification. Moreover, the two companies work in different contexts. One is based in Europe and has supply chains all around the world. The other is based in Latin America with supply chains mostly in that region. The summaries of the studies are included in this report.

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).

Evaluation studies start from a baseline assessment of the situation before interventions were implemented to comply with UEBT requirements. Some aspects are highlighted that are meaningful in the context of study to determine the conditions of biodiversity, workers and local communities. From this assessment indicators were defined that would be monitored over time after interventions to comply with UEBT requirements took place. These indicators are context specific and used to specify the areas of change and effects as more relevant to the context of study.

When interventions are already taking place, the baseline assessment is conducted at a given time and follow up studies are implemented if the relevant indicators change with the continuation of the interventions.

In 2017 there were no impact evaluations carried out. The focus was on the studies on outcomes. Moreover, 2017 was a gap year in between baseline studies conducted in 2016 and their follow up being planned to start in 2019.

The summaries of two baseline assessments conducted in 2016 are included in this report. The studies concern two different countries within Europe and Latin America. They concern two different ingredients, production system and supply chains.

The focus of the baseline assessment is on the biodiversity, and social and economic conditions in the sourcing fields. Different topics were explored including: awareness on biodiversity topics, regeneration rate of raw materials, children's involvement in economic activities, conditions for women, access to services and remuneration. The influence of the context on these aspects is considered alongside the influence of the interventions related to the UEBT programs. Finally, unintended effects of these intervention are paid attention to.

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 and ingredient is counted just once. Verifications are conducted when disproportionate values are noticed (see 'outliers' below).

For the size of the production fields, analyses to avoid double counting are not feasible in the case of prioritised ingredients as data is provided at a more aggregated level than for certified ingredients. Therefore, information on the hectares of production is not reported for now.

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 mentioned in the reporting.
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 limi-

tations including reduced accuracy of some figures (see above double counting) and increasingly time-consuming processes. Moreover, this approach has limited the analysis of Ethical BioTrade requirements implementation to a selection of critical criteria selected to provide an overview of the most meaningful outputs of the UEBT membership and certification.

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 by 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.

Impact evaluations have used a multiannual approach and start with a baseline survey. The baseline provides the base upon which future measurements are conducted, generating a time series for the same research samples. Whenever possible control groups are used. Although this is often difficult given the context of study (e.g. limited accessibility, issues of confidentiality), and can be cost-prohibitive.

UEBT continuously assesses new ways to collect, monitor and evaluate information from its members to improve its M&E system, increase effectiveness, and promote learning. UEBT is now developing systems to automatize the M&E data management approach, including the collection and analysis of information on the reach, scale and outcomes of its activities.

In the case of outcome evaluations, or in those cases when use of baselines and control groups are not possible, 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, comparison 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 Theory of Change. 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 studied³.

Case studies are selected to be representative of UEBT programs and contexts of operation. So far, studies have involved Trading Members, Trading 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 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.

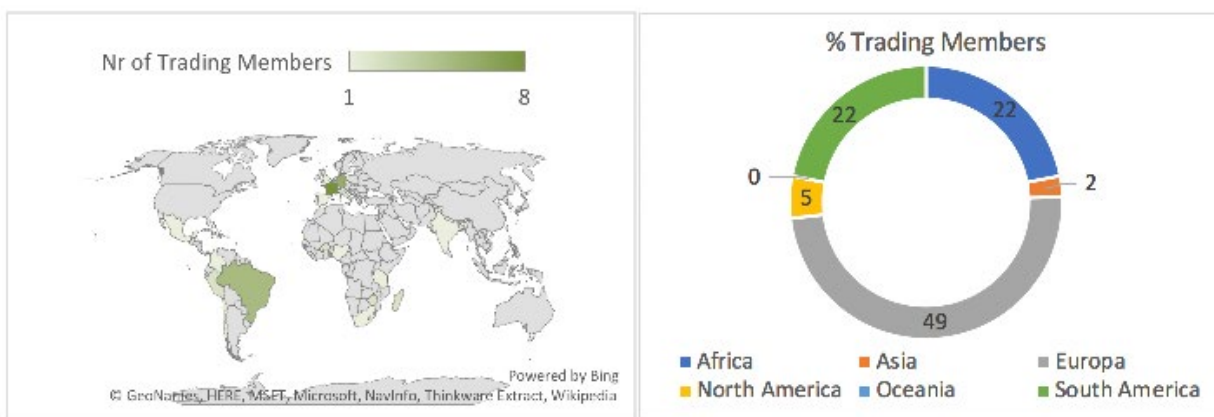
³ Other opportunities and limit of the approach to evaluation studies are presented in the summaries of the case studies showed in this report.

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.

V. Findings level one: reach and scale, outputs

In 2018 (cut-off date 18 December 2018), UEBT had 41 Trading Members. Nine of them had adopted the UEBT/UTZ Herbal Tea certification, two other the UEBT ingredient certification. Finally, there are two more trading Members who had adopted the UEBT ethical sourcing system certification. The 41 Trading Members are located in 20 countries, with almost half in Europe and the other half in Africa and South America (figure 1).

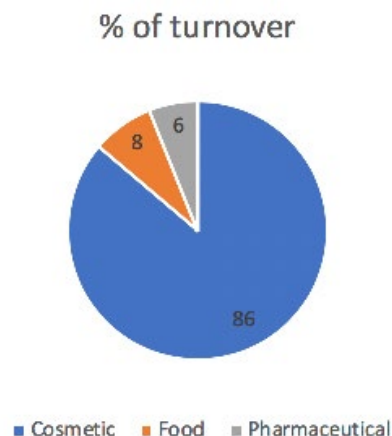
Figure 1: Distribution of Trading Members per country and geographic region - 2018



The Trading Members include companies from the cosmetic, food⁴ and pharmaceutical sector. In terms of turnover, cosmetics is the most relevant sector – generating more than 80% of the turnover declared by the all the Trading Members for 2017 - followed by pharmaceutical (Figure 2).

Figure 2: Trading Members' percentage of turnover per sector - 2017

Among the Trading Members there are four final product brands and five leading processing companies. 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 affect how it implements its UEBT membership obligations.



⁴ One of the biggest companies in terms of turnover, which is Trading Member to UEBT, generates its turnover 100% in the cosmetic sector. This influences the overall figures.

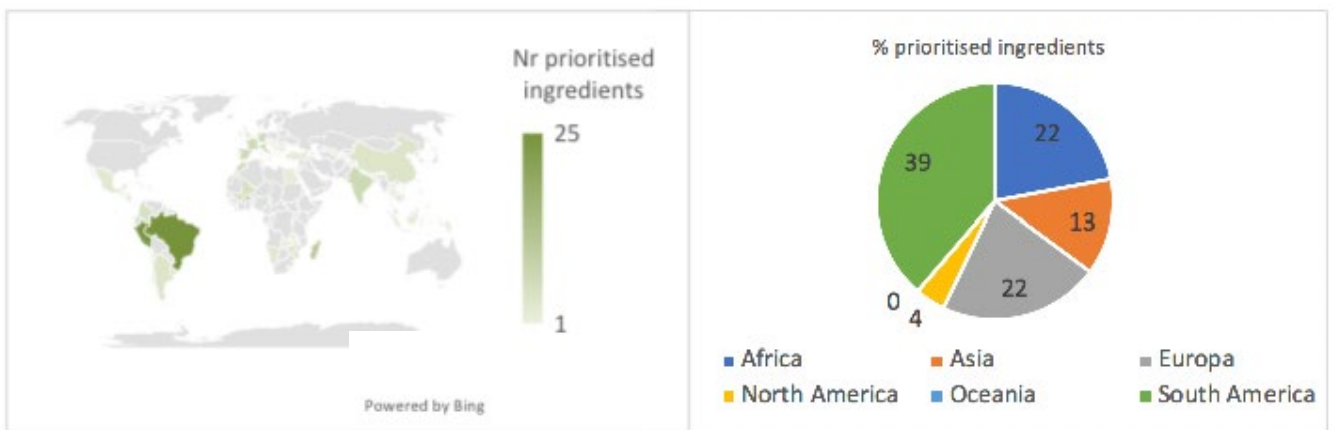
Companies that have direct contact with producers directly support and exercise a level of control over the implementation of Ethical BioTrade practices at a local level. Companies that do not have such contact with the local producers promote such practices more indirectly, i.e. through the terms under which they buy their natural ingredients.

Trading Members differ in the number of ingredients and supply chains that they handle. There are small companies with a single natural ingredient and supply chain, while other companies might have up to 650 natural ingredients and 1,200 supply chains.

Prioritised ingredients

In 2017, UEBT Trading Members had prioritised 278 supply chains, involving 154 natural ingredients. The prioritised ingredients are sourced from 54 different countries. 39% of the prioritised natural ingredients come from South America followed by 22% of prioritised natural ingredients being sourced from Africa and another 22% being sources from Europe (Figure3).

Figure 3: Sourcing of prioritised natural ingredients per country and geographic region - 2017

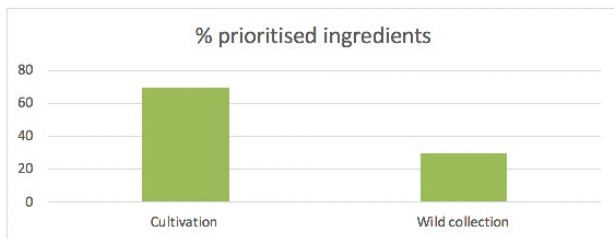


The production of raw material from which prioritised natural ingredients are derived takes place in, or the proximity of, biomasses that are relevant for biodiversity. Savanna and Tropical Rainforest being the biomasses most relevant for the production of the majority of these natural ingredients (Annex 3).



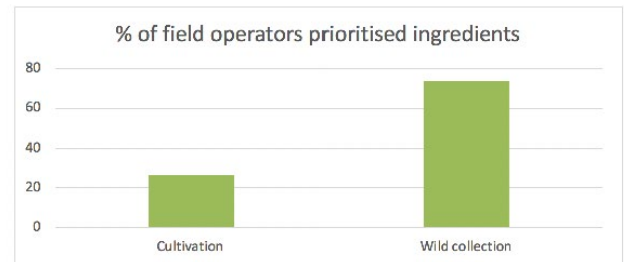
In terms of production systems, most of the prioritised natural ingredients – 70% - derive from cultivated raw materials. Cultivation include agroforestry production systems. A smaller percentage of prioritised natural ingredients – 30% - is derived from raw materials that are wild collected (Figure 4).

Figure 4 - Percentage of prioritised ingredients per production system – 2017



Nonetheless, the production of the prioritised natural ingredients involves a higher percentage of field operators working in wild collection than of field operators working in the cultivation (Figure 5).

Figure 5 - Percentage of field operators per production system - 2017



Certified ingredients⁵

Joining forces to improve working conditions in Carnauba wax production

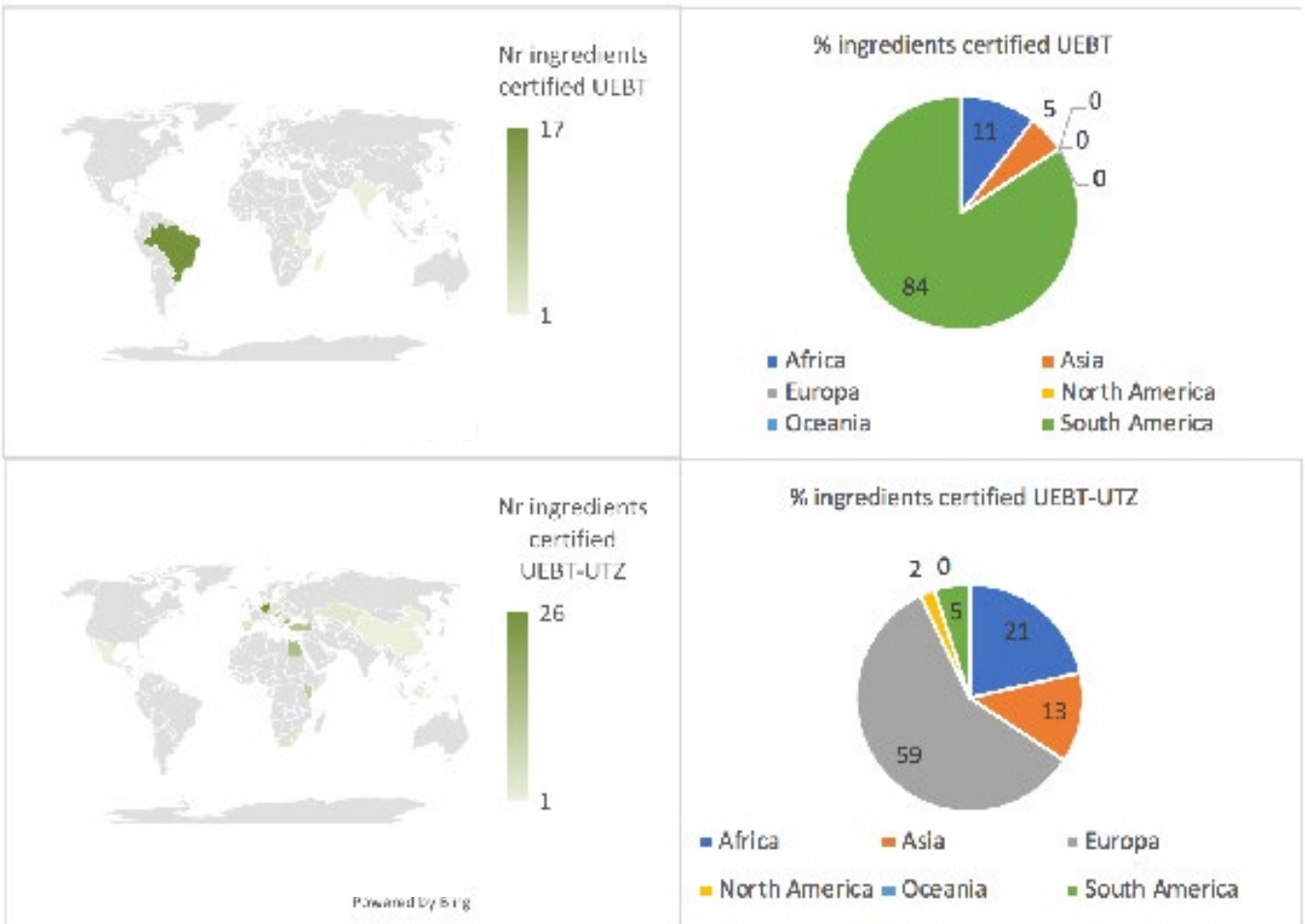
Used in products as varied as candy, cosmetics and shoe polish because of its hard and glossy qualities, Carnauba wax comes from trees that grow in the wild and are not cultivated. Local producers in Brazil's biodiverse Caatinga biome cut the leaves and dry them in the sun, a process that does not harm the integrity of the Carnauba palm tree or the environment. A fine powder is then extracted from the leaves and taken to local refiners. The crop grows during the dry season, offering much-needed jobs for local communities when there is no rain (the Caatinga is semi-arid) and fewer opportunities to work in agriculture. In recent years, however, the Brazilian government has investigated and found poor working conditions in several of the country's rural activities, including in Carnauba wax extraction. UEBT has therefore worked with GIZ and other partners to set up the Initiative for Responsible Carnauba, a working group for international brands and manufacturing companies, local carnauba wax suppliers, non-profits and government agencies who are working together to ensure more responsible production. Carnauba wax suppliers who join the group will need to develop an improvement plan and show steps to meeting the UEBT standard that addresses human rights, adequate working conditions, and all International Labour Organisation (ILO) core conventions including minimum age for work, forced labour etc.



⁵ This report concerns the supply chains and ingredients included in UEBT certification programs during 2017. The system certification program has been launched in 2018 with the first ingredients and supply chains being included in this year. Therefore, the report does not consider the ingredients and supply chains verified and certified under the system certification program.

In 2017, UEBT Trading Members had certified 316 supply chains, involving 19 natural ingredients under the ingredient certification (UEBT) and 102 natural ingredients under the Herbal Tea certification programme that is a joint program between UEBT and UTZ (now Rainforest Alliance). The certified ingredients are sourced from 31 different countries. The majority of ingredients certified with the UEBT ingredient certification – 84% - come from South America. Europe is the geographic region from which more than half – 59% - of natural ingredients within the Herbal Tea certification are sourced (Figure 6).

Figure 6 Sourcing of certified natural ingredients per country and geographic region - 2017



The production of raw material from which certified natural ingredients are derived takes place in, or the proximity of, biomasses that are relevant for biodiversity. Alpine and Deciduous being the biomasses around which the production of the majority of these natural ingredients (Annex 3)



In terms of production systems⁶, most of the natural ingredients certified UEBT – 63% - derive from wild collected raw materials. Differently, the 58% of natural ingredients certified UEBT-UTZ is sourced from farmed raw material. Cultivation includes agroforestry production systems (Figure 7). In both cases, the production of certified natural ingredients involves a higher percentage of field operators working in wild collection of raw materials than of field operators working in cultivation (Figure 8).

Figure 7 Percentage of certified ingredients per production system - 2017

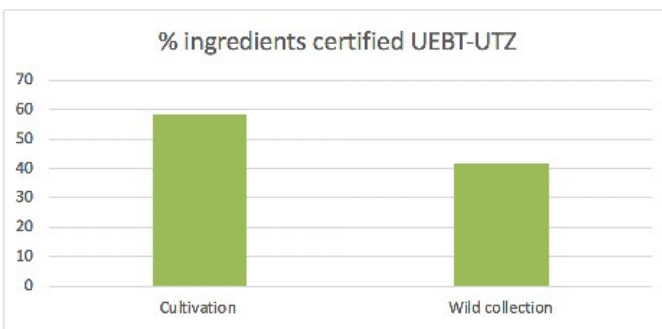
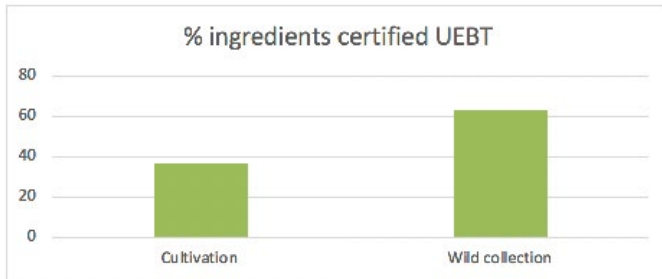
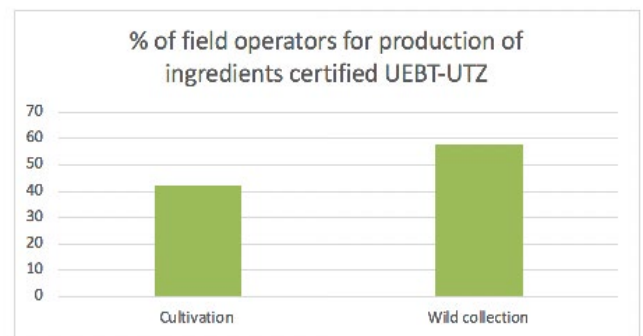
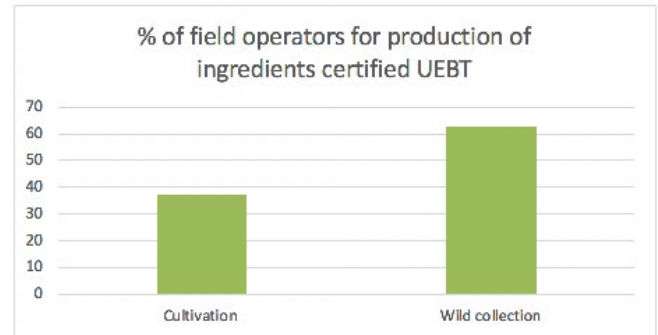


Figure 8 Percentage of field operators per production system - 2017



Helping people earn extra income in a biodiversity hotspot: Allanblackia oil

Used as a plant-based fat in foods such as margarine, Allanblackia oil comes from the seeds of a native, evergreen tree that grows in the tropical cloud forests of Tanzania, specifically in the Usambara and Nguru Mountains, in the northeastern part of the country. The Usambara Mountains are one of the world's biodiversity hotspots and boast several species of plants and birds found nowhere else in the world. The region where the trees grow has income challenges, so additional income from honey, fruits or oils that can be added to regular agroforestry crops, makes a huge difference for people's livelihoods. Novel Development, a UEBT member company in Tanzania is producing 240 tons of Allanblackia seeds each year for the market.



The company has been working for several years to build a successful Allanblackia supply chain, including training women and men on how to collect and care for the trees, conducting some of the first research on the tree itself, and establishing linkages to the market. They are also raising awareness of biodiversity, since conserved trees provide ecological benefits in addition to extra income. Today, margarine made with UEBT certified Allanblackia can be found in France and Sweden, under popular brands such as Fruit D'Or that contain 60% Allanblackia oil.

⁶ One member with ingredient certification has been late in reporting ingredients per production system for 2017. Hence the figures reported in here miss to consider the ingredients certified by this member. This alters the figure as this member certifies a relevant number of ingredients.

From the figures on the reach and scale of the UEBT programs, the results are that in 2018 the number of Trading Members is relatively small, and they are concentrated in few geographic areas.

However, when looking at the ingredients and supply chains that are prioritised and certified the figures are higher. Moreover, the sourcing of prioritised and certified ingredients is worldwide. It concerns contexts that are significant for biodiversity conservation and sustainable use as well as for socio-economic development. The actions that the Trading Members and their suppliers implement as part of the UEBT membership and certification program concern both domains.

VI. Findings level two: the medium-term effects

UEBT Trading Members integrate the Ethical BioTrade standard within their management systems related to sourcing and research and development, gradually mainstreaming its principles in the relevant operations and their supply chains. Companies thus implement Ethical BioTrade principles at two levels: within the company itself and along its supply chains.

The implementation of Ethical BioTrade principles is a process implying that companies and their suppliers intervene, at least, on the following:

1. Setting clear Ethical BioTrade vision and targets.
2. Integrating Ethical BioTrade principles and practices in the sourcing system.
3. Assessing their ingredient portfolio for risks of not complying with Ethical BioTrade practices.
4. Developing an ABS due diligence system to comply with legal requirements.
5. Defining a certification system to assure compliance with Ethical BioTrade requirements for the fields of production.
6. Setting up a traceability system for certified supply chains.
7. Assuring that Ethical BioTrade principles and practices are followed in the sourcing of prioritised/certified ingredients and are improved through the UEBT verification system.
8. Contributing to identifying and carrying out actions to improve conditions in the fields of production and for the local communities.

The analysis below shows what in practice the Trading Members put in place to align their sourcing practices with Ethical BioTrade principles, how the process evolves (e.g. what are the factors that stimulate it and what are the challenges), and how it is perceived by the people involved (e.g. actual or expected benefits associated to it).

The section 6.1 reports on what the Trading Members and their suppliers put in place based on the analysis of audit and annual reports on the main requirements within the membership and the certification programs. The section 6.2 reports on how the process of aligning sourcing practices with Ethical BioTrade principle unfolds and what are the effects perceived by the Trading Members. The analysis in this section is based on the results of two evaluation studies involving two Trading Members, one of them with UEBT ingredient certification.

6.1 Analysis of Ethical BioTrade requirements implementation

There are 8 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. Having done ABS due diligence
- vi. Having signed ABS permits
- vii. Complying with UEBT entry indicators on non-conversion of pristine ecosystems, no use of banned agrochemicals, respect for human rights (and rights of the child) and anti-corruption measures in business operations
- viii. Complying with the Ethical BioTrade work plan each Trading Member defines

In 2017, more than half of the Trading Members had implemented each of the above membership requirements except two.

The largest areas where members still work to make progress is on ABS which is a complex and daunting area for many companies because laws are not clear and things are evolving quickly from country to country. In addition some members struggled with making their commitments and information available publicly. Nonetheless, good progress has been made through the membership obligations in the areas of the entry indicators – with 100% eliminating any worst practices, and the establishment of ethical sourcing systems and risk assessments of their natural ingredient portfolios (Figure 9).

Figure 9 Percentage of Trading Members adopting membership related changes after assessment - 2017



A finding on the risk assessment and the definition of Ethical Sourcing System is that in 2017, 60% and 70% of the Trading Members have these completely developed anew (Figure 9). The rest are in the process of working on this and represent newer members in their first audit cycle.

The implementation of the risk assessment on the ingredient’s portfolio is gradual, especially for those Trading Members working with several ingredients supply chains. This is very common as UEBT Trading Members often work with more than 100 ingredient supply chains. The same gradual approach holds for the definition of an Ethical Sourcing System. This is the system that ensures that ingredient supply chains are managed according to

Ethical BioTrade principle in a transparent and traceable way. The case studies in section 6.2 will specify what does it take for a Trading Member to implement both processes, what are the main stage, the factors that facilitate and challenge the processes.

The trading members with UEBT ingredient certification are required to adapt their sourcing practices further to integrate Ethical BioTrade principles. They undergo this through the following:

- 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. Making documented information available about all stages of production and processing process as well as about control points for traceability per each supply chain included in the certification
- iv. Establishing procedures to assess compliance with traceability requirements at each of the control points.
- v. Establishing procedures to incentivise continuous improvement of suppliers and producers in the fields regarding Ethical BioTrade practices.

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 from the audit is allowed to set them up or improve.

In 2017, most of the certificate holders had implemented in full (score of 3 in the figure below) Internal Monitoring Systems to ensure the correct implementation of the certification, documentation and procedures to ensure traceability per each supply chain included in the certification, procedures to incentivise continuous improvement of suppliers

and producers in the fields regarding Ethical BioTrade practices.

For a minority of the certificate holders extra work was required to improve documentation and embed new procedures into already existing ones (score 0-1-2 in the figure below). A different figure is shown for establishing Local Monitoring Systems managed by suppliers to ensure the correct implementation of the certification. Here the majority of the Certificate Holders shows that improvements are needed to fully establish and run this system (score 2) (Figure 10).

Figure 10 Percentage of certificate holders per score in implementing certification changes after assessment - 2017



From a qualitative interpretation, the hypothesis can be advanced is that establishing procedures and embedding new procedures in an existing system may take some time until it is perfected. This may take more effort at the supplier level that at the level of the Certificate Holder. These changes require time for negotiating and learning and may face context related challenges that slow down the process. Case studies in section 6.2 will provide some evidences of these dynamics.

There are some additional changes that Trading Member and their suppliers go through because of the certification process. These changes concern certificate holders that also cover the role of organisations at source as well as their producers in the field (i.e. farmers and collectors and primary processors). Certificate Holders that are also organisations at source work directly with the producers in

the field and play a role in running the certification system at the field level.

Main certification related changes include:

- i. Establishing good collection/cultivation practices to ensure negative impact on biodiversity are avoided/mitigated.
- ii. Implementing good collection/cultivation practices to avoid/mitigate negative impact on biodiversity.
- iii. Promoting active participation of field operators in discussion and negotiation on sourcing activities.
- iv. Promoting active participation of field operators in discussion and negotiation on prices.
- v. No involvement of children below 15 years in sourcing activities.
- vi. Paying wages in line with minimum wage regulation, collective bargaining agreements or other official wage regulations.

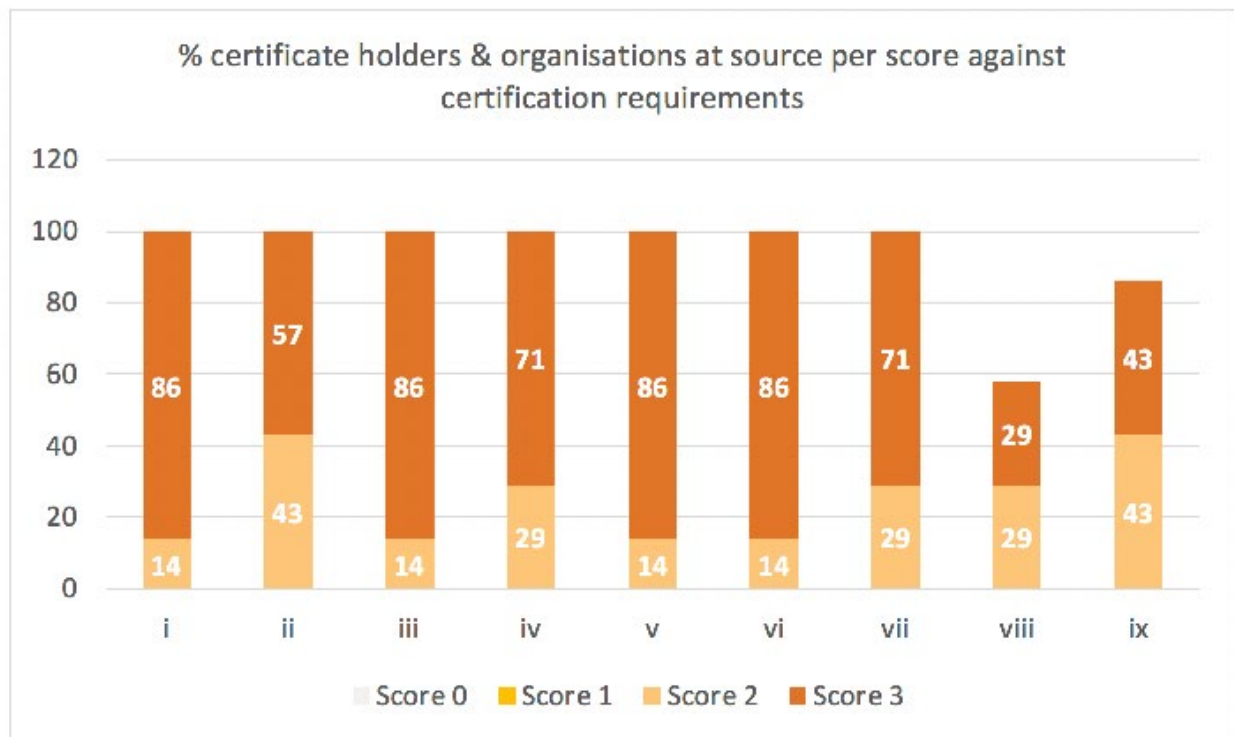
vii. Equal remuneration for men and women for work of equal value.

viii. Ensuring equal participation in trainings and awareness raising sessions for both men and women.

ix. Respecting regular working hours of 48 per week.

In 2017, most of the certificate holders and organisations at source had implemented most of the changes at full (score 3). For a minority of certificate holders and changes some extra effort was required (score 2). In particular, some work is required to enforce involvement in negotiation processes and trainings as well as some work practices when this is not already embedded in the local business culture⁷ (Figure 11).

Figure 11 Percentage of certificate holders & organisations at source per score in implementing certification requirements after assessment - 2017



⁷ When the total of the percentages overall the score does not return 100% this is due to the fact that some requirements are not assessed for some certificate holders as they have been accorded exceptions in a certain year or because they do not apply to the specific situation of the certificate holder being assessed. These certificate holders therefore have been scored NA (Not Applicable) for these indicators and the percentages for the score NA is not reported in the analysis.

Learning points from analysis of compliances

As part of the UEBT membership and certification processes, trading members introduce changes in the companies' strategy that will include Ethical BioTrade commitments. Moreover, the management of the sourcing is adjusted at the company and supplier levels to consider ingredients risk assessment, 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. Moreover, work and other relations among chain actors are managed to ensure fair conditions. Finally, companies and suppliers extend their actions beyond the management of the supply chains to generate positive effects on socio-economic conditions of the local communities.

The changes happen at different speeds, with the membership process allowing Trading Members to set their own work plans and the certification process being more rigid about deadlines for compliances. 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 changes and they shed light on what stimulates or hampers them as well as on what are the perceived positive and wanted effects and the negative and not planned results. The studies will back up and expand with qualitative information the findings and learning points derived from the analysis of compliances.

Trading Members satisfaction with UEBT

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

In 2018, the 97% of the Trading Members filling the survey stated to be between satisfied and highly satisfied with the overall functioning of UEBT. More specifically, the Trading Members appreciate the value of UEBT membership to their clients and networking opportunities deriving from being members to UEBT.

UEBT is also appreciated for the support provided along the membership process. All Trading Members taking part in the survey consider guidance notes and tools, 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. However, a minority of Trading Members express some degrees of dissatisfaction with respect to the latter.

Suggestions for improvement of technical assistance include: clarify and update guidance tools, train experts to support members, share members' success stories, share relevant news and events.

6.2 Medium term effects of UEBT membership

Using a methodology developed in collaboration with outside experts (Annex 4), UEBT evaluated the changes and effects perceived by two trading members and their suppliers from adopting the UEBT standard in the company's sourcing system for natural ingredients.

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.

Between 2017 and 2018, two studies have been conducted and completed. One study concerned changes and effects in a company involved in the membership process. Another study concerned a company involved in the ingredient certification programs. The first study has been conducted by UEFT M&E team. The other study has been commissioned to experts with years of experience in researching similar topics in the context where the company operates.

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

QUESTIONS:

1. Which actions UEFT companies and their suppliers implement to fulfil their sustainability commitment to the UEFT 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?

6.2.1 Weleda

Weleda is a natural and organic cosmetics and pharmaceuticals brand that was founded in 1921. They use more than 900 ingredients for medicines and cosmetics products. They have been a UEFT member since 2011.



Weleda was studied as an example of UEFT membership process because the company has been working for several years with UEFT, which allows for an analysis over a long period from 2011 to 2017. Weleda also has a variety of supply chains, which allowed UEFT to look at different contexts and ingredients. The study involved as informants 14 between management and staff members at Weleda and 3 supplier representatives.

The suppliers represent the following supply chains:

- ➔ Sesame oil, Mexico
- ➔ Iris, Morocco
- ➔ Althea radix, Kosovo

The three above supply chains are selected over other supply chains Weleda works with because they have been part of the UEFT membership process since the early stages. They went through UEFT assessment, audit and recommendations have been provided to further align their practices with UEFT principles. Moreover, the relations with Weleda had started even before the membership process. This provides a time frame and a variety of actions that are sufficient for the investigation of changes and effects. In particular, the sesame oil supply chain is here presented as an example as information were available during the study about the actions implemented after the UEFT based recommendations (Box: Sesame oil in Mexico).



Findings

Key positive changes perceived by Weleda:

- Improved sustainability strategy
- Ability to stay ahead on relevant sustainability issues
- More effective supply management
- Improved risk identification
- Enhanced corporate reputation
- Promotion of changes more grounded in the reality of where suppliers operate
- Actions to tackle both socio-economic and environmental challenges

Suppliers also recognized these benefits to their own business and to workers:

- Growth in professionalism
- Support for improved working conditions
- Long-term partnerships
- Active involvement in decisions Weleda is making about sourcing
- Improved contract negotiations
- Support for social and environmental projects
- Increased awareness of sustainability topics
- Enhanced credibility with Weleda recognizing suppliers' work with ethical sourcing



Sesame oil in Mexico

Sesajal is an oil seed processing company based in Guadalajara, Mexico. They are a long-term supplier to Weleda and produce for them sesame oil from 1,000 hectares, where they work with 200 small farmers and workers. In 2008, Sesajal signed a partnership on sustainability projects with Weleda in order to convert to organic. After Weleda became a UEBT member in 2011, an audit against the UEBT standard was conducted in 2015. Some social and biodiversity aspects were found to need improvement, such as worker and community health, and worker safety. They also needed to expand their knowledge of biodiversity and actions concerning its sustainable

use. A plan was put in place that included farmer training, new tools to increase yields, and collection of biodiversity information to share with the government, among other activities. During this time, Sesajal created a new corporate social responsibility (CSR) department, and a training and farm development center. Sesajal's efforts resulted in their being recognized by the government as a social responsible company. They also saw health and working conditions improve.

The project was time- and resource-intensive and took almost five full years to develop. Sesajal has been met with challenges to obtain good biodiversity information, and to access expertise and guidance. However, today biodiversity awareness has increased and Sesajal's actions are grounded in how they can contribute to the social and environmental issues prevalent in their region. The company is also planning to expand its projects and will continue to collaborate with Weleda and UEBT.

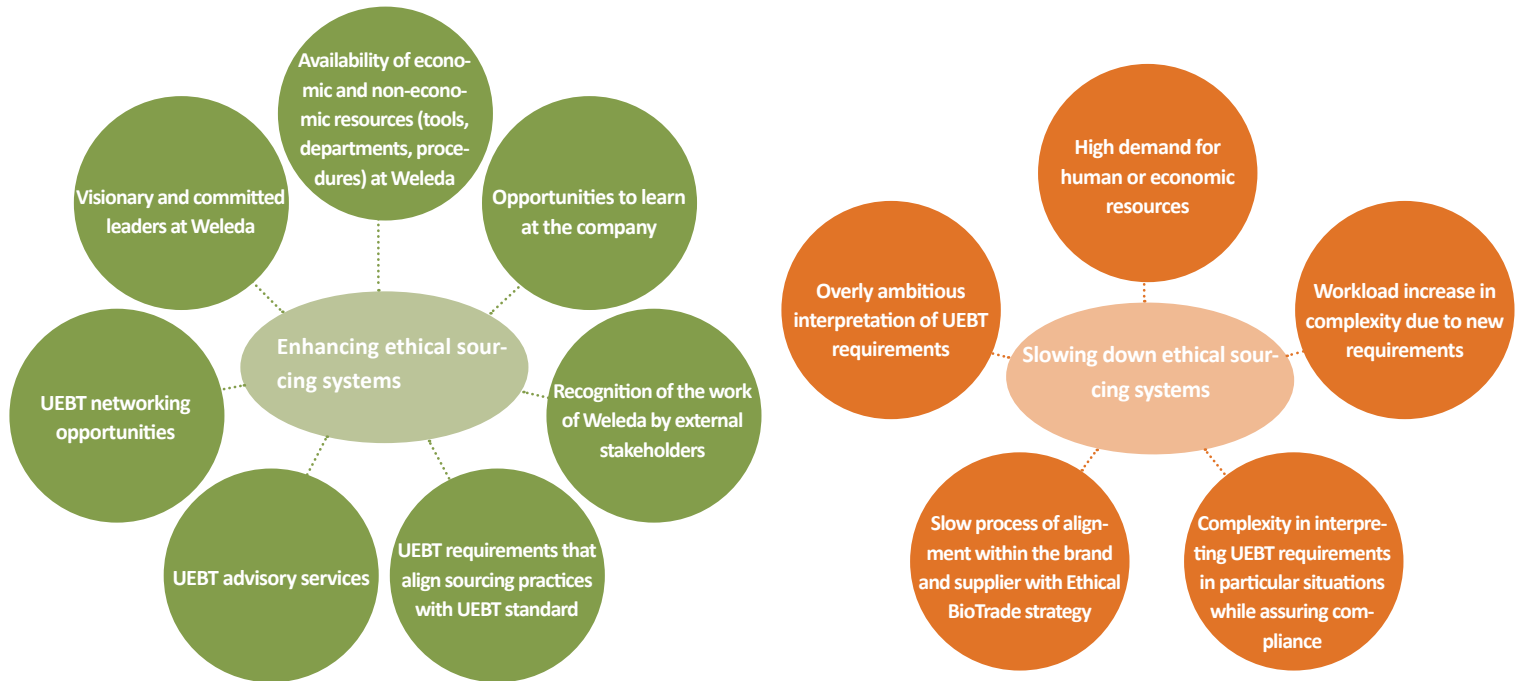
Action Weleda took

As required by UEBT membership and in line with Weleda's own commitments, the company implemented the following during the period:

- Integrated additional biodiversity and social aspects into its supplier control systems.
- Defined a risk assessment system with criteria and scoring related to sustainability issues.
- Refined their verification system, complementing previous quality audits with sustainability requirements for both suppliers and sourcing areas.
- Merged all sourcing departments into one international sourcing department and expanded staff in the team over the years.
- Created a new position focused on "sustainable" sourcing.
- Completed a desk self-assessment of 1200+ supply chains against baseline UEBT indicators.
- Prioritized 60+ supply chains on strategic value or risk to receive field audits and development of improvement plans.

Factors that contributes

Factors were identified (see diagrams below) that can generally slow down or support implementation of an ethical sourcing system. Some are UEBT-related while others are company-related, supplier-related, or contextual. Factors were cited by Weleda and Weleda supplier interviewees and were offered as both specific to their own company experience and as generic observations. As different staff at the brand and the suppliers were interviewed, factors cited as both positive and negative can seem contradictory. The factors identified as slowing down the process have been mentioned unintended effects of the membership process as they were not foreseen before initiating it.



6.2.2 Natura

Natura is a leading Brazilian company in the cosmetics and personal care sector. They use hundreds of natural ingredients and have prioritized 28 that are collected or harvested by local communities from 73 supply chains. Natura is a founding member of UEBT and in 2016 they obtained UEBT natural ingredients certification for 40 supply chains from the Amazon.



The reasons why Natura was selected for the study are the following. The company has been working for many years with UEBT, which allows for a long-term analysis (2007-2017). Natura also has a variety of supply chains, which allowed the researchers to look at different contexts and ingredients. Natura's work on improvements required by UEBT membership as well as extra steps involved in achieving certification, allows for insights on both UEBT programs.

The study involved as informants:

7 Natura staff, including managers and support personnel

2 supplier cooperatives involved with Natura from an early stage (interviewees were presidents of the cooperatives; both had a strong role in UEBT requirements implementation)

- Comaru in Amapá state in Northern Brazil
- Camtauá in Pará state in Northern Brazil

The two above communities are selected over other communities Natura works with because they have been part of the UEBT certification process since the early stages. The informants for the communities have played a role in the definition and implementation of the traceability and verification system that was instrumental for the

certification. This provides a time frame and a variety of actions that are sufficient for the investigation of changes and effects (Box: Camtauá).

Findings

Key positive changes perceived by Weleda:

- › Reinforcement of their sustainability strategy and corporate culture promoting biodiversity and equitable benefit sharing.
- › More effective sourcing including identifying risks, monitoring and coordinating across departments.
- › Improved traceability and verification that adds value in light of increased consumer awareness of biodiversity.
- › Enhanced stakeholder recognition for compliance with laws and with Ethical BioTrade principles.

Suppliers also recognized these benefits to their own business and to workers

- › They feel they are now important partners to the company and are more involved in decision-making.
- › They have better systems for traceability, quality and verification that allow for better supply chain management.
- › Professionalism has improved due to training and extension services.
- › Field operators feel more empowered in trading with Natura and other clients.
- › They see stabilized and diversified incomes, and improved awareness of workers' rights.
- › They feel their living conditions have improved.
- › They feel there is an increased willingness for young people to stay in the communities.



Camtauá Cooperative: Better living and working conditions, but more to do on biodiversity awareness and actions

Camtauá is a cooperative of 35 families set up in 2010 to promote the commercialization of non-timber forest products. Today they supply andiroba and murumuru to Natura. Andiroba and murumuru are seasonally collected in different locations as well as in the community's forest reserve. The process – from collection to delivery of the dried product – takes between 6-8 months. Already before the UEBT membership and certification process, Natura had been working with Camtauá to ensure sustainable sourcing. Socioeconomic actions were taken, and steps

to improve safety since murumuru collection can be dangerous. The company also supported improved living conditions of the communities by increasing the added value of the processed products bought.

With the UEBT certification process, a monitoring and an assurance system was set up in the community. Cooperative members were visited and would receive training and support. The verification system has helped Natura with traceability of biodiversity inputs. An inventory system was developed to track volumes, storage conditions, and people involved in the harvest. Each year prices are negotiated with regard to logistics, harvesting conditions and environmental requirements.

There have been some unintended and challenging effects. Natura needs to guarantee that the local cooperative complies with the verification system's standards. Given the remoteness of the community, Natura relies on periodical auditing processes to ensure the monitoring of activities in the community/cooperative. Because the verification system is complex, it can be a challenge to see it both accepted and applied, and if market fluctuations suddenly require additional supply from outside the cooperative.

Nevertheless, living and working conditions have improved, and institutional capacity of the cooperative has increased. Biodiversity awareness, and other actions on environmental issues needs to be strengthened. Camtauá leaders report some difficulties regarding compliance with the Brazilian legal Forest Code as they were not aware of the rules and received no training on it. The cooperative has not yet worked on reforestation, but they would like to get more involved and learn more about it. Next steps will be focused on conservation awareness and practices, and training on the Forest Code.

Actions Natura took

As required by UEBT ingredient certification and in line with Natura's own commitments, the company implemented the following during the period:

- › Defined risks and established systems in line with UEBT requirements.
- › Developed company standard incorporating UEBT requirements.
- › Made resources and tools available, collaborated and shared expertise.
- › Created a new division within Natura to focus on verification, assurance and relations with the communities.
- › Conducted regular audits to check compliance and achieve UEBT certification.
- › Intensified collaboration to empower communities, including:
 - Having Natura staff constantly in contact with the communities in the field
 - Holding dialogues on Natura's standard based on UEBT requirements
 - Providing training
 - Providing access to personal protective equipments and facilities
 - Setting up income generation opportunities through other partnerships with industry
 - Promoting sustainable development projects

Factors that contributes

Factors were identified (see table below) that can generally slow down or support implementation of ethical sourcing. Some are UEBT-related while others are company-related, supplier-related, or contextual. Factors were cited by Natura and community representatives and were offered as both specific to their own company experience and as generic observations. As different informants were interviewed, factors cited as both positive and negative can seem contradictory. The factors identified as slowing down the process have also been mentioned as unintended effects of the UEBT membership process as these were not foreseen before initiating the process.

<i>Supporting ethical sourcing</i>	<i>Slowing down ethical sourcing</i>
 Improvement points identified in UEBT membership assessment stimulated actions to further advance biodiversity and social requirements	 Increased work load and demand for resources
 The approach proposed by UEBT stimulated the reorganisation of Natura internal monitoring system towards more effective and collaborative decision-making	 Limited staff understanding of management's vision behind the change
 UEBT advisory services helped in understanding and implementing requirements	 Limited staff openness to accept changes
 UEBT standards guided the definition of Natura's own standard and checklists	 Complexity of the verification system (due to UEBT and Natura requirements) slowed down its application and acceptance in the field
 UEBT Biodiversity Barometer raised Natura's awareness of how consumers think and stimulated the need for supply chains verification	 Complexity of the verification and traceability system limits the application to random suppliers that are needed in case of market fluctuation
 Brazilian regulation on ABS required Natura to update its approach	
 Increasing use of biodiversity derived ingredients increased awareness in the company of the need to take more actions on sustainable use	
 Increasing demand from Natura consumers for sustainable and transparent products	

6.2.3 Learnings

From the cases studies on the changes and effects experienced by Trading Members along the UEBT membership and certification process the following can be learnt:

- **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 and missing to systematically include social and biodiversity aspects as done with quality and other technical aspects.
- **System-based standards are well suited to support company-wide sourcing commitments:** the studied companies selected the UEBT standard because of its 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 fulfill the sustainable sourcing strategy are crucial for success. Starting from companies with departments, 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 the staff.** In both cases changes and increasing work load and complexity comes with rejection from the staff who will have to implement the daily tasks. Understanding the vision behind facilitate staff collaboration.
- **Having a certified verification system helps being more incisive on the field.** The Natura case showed that having a verification system in place with yearly audits highly contribute to set up regular interactions with producers and their communities and foster actions at that level.
- **Complexity, high demand for resources and lack of alignment with the vision slow down the process.** In both cases complexity, high demand for resources, lack of understanding on the vision and lack of agreement on how to proceed create tensions within the companies and along the supply chains slowing down the process of changes. This is impacting more on the field than at the company level. The Natura cases shows that implementing the verification system on the field, taking up recommendations from audits - especially on biodiversity actions - and stabilising relations of trust with communities is particularly slow.



Woman collecting ucuuba, Bazil ©Natura



Men collecting Iris, Morroco © Weleda

VII. 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/UTZ herbal tea certification, UTZ and UEBT are implementing two impact evaluations studies over a period of three years. In 2016, two base-line studies were conducted guided by the following research question: what is the initial situation for collectors – working in two different contexts and supply chains - with regards to the 3 UEBT/UTZ Certified impact categories “people”, “planet” and “profit”?

The baseline will be instrumental to monitor and evaluate impact in a follow-up study in 2019. Key areas of impact considered include conservation and sustainable use of biodiversity, rights of actors and the role of UEBT Trading 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. They insights can already be used to derive recommendations for the strengthening of 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. Additionally, the methodology has been adapted for each of the studies. This is to reflect the context in each of the two countries, as well as differences in the production systems (collection and cultivation), the number of producers/collectors and type and influence of local purchasers. To facilitate the fitting of the studies into the contexts, UEBT-UTZ commissioned the study to two local consultants. They are research consultancies external to UEBT – UTZ and not connected to the cases being studied to ensure independency of the study⁸.



Herbal tea program UEBT/UTZ

UEBT and UTZ Certified 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. UTZ brings its traceability system and the UTZ label. The collaboration provides a good solution to address sustainability issues in the global herbal tea sector.



⁸ Contact information can be provided upon request.

Both studies considered the entire supply chain, looking at collectors/producers and local companies. The methodology considered both qualitative and quantitative methods: surveys applied both with program participants and control groups on issues linked to people (e.g. labour rights, gender issues), profit (e.g. productivity, quality, supply and demand), and planet (e.g. conservation and sustainable use of biodiversity). Interviews and focus groups assessed the perception of the certification program and its implications on these issues.

It is important to note some methodological limitations. For example, in one of the case studies, it was not possible to find completely comparable control groups due to safety concerns in the area and the difficulty of securing some of the information. Additionally, the small number of producers in one of the areas limits the possibility of applying a strong quantitative analysis of the survey responses.

From the assessment of the situation before certification, the main issues concern the environmental ('planet') dimension. Challenges were identified with respect to the management of the natural resources, 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 were behind these challenges. There is a general recognition of the importance of giving attention to the environment together with low awareness about what can be done and means to put actions in practices.

As far as the people and profit dimensions are concerned, some issues emerged with respect to the conditions – before certification - of the social infrastructures in place, the empowerment of women along the supply chain, the involvement of children, the poverty levels and income generation. All these aspects could be improved as far as the conditions of the study groups and were not different from the situation of 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.

The final impact evaluation will take place in 2019. The focus will be on ascertaining, both quantitatively and qualitatively, changes and effects at both producer/collector and the company levels that can be attributed to the UTZ/UEBT herbal tea certification program. In this frame, 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.

VIII. Learnings

UEBT's mission is to support and validate good practices of companies committed to ethical sourcing and innovation of natural ingredients for the benefit of people and biodiversity. 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 Trading 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 Trading 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 Trading 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 Trading 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.

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 toward 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. In some cases, Trading 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 2018/2019 – takes 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 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 requirements toward actions. Moreover, the unintended effects will be considered to identify possible adjustments to the current UEBT standard.

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



IX. Conclusions and recommendations

This report allows reflection on a crucial year in the history of UEBT as the 10th anniversary of its founding. In these ten years, UEBT developed from a purely membership organisation to running two certification programs, one of them in collaboration with another standards organisation.

The differentiation of the programs run by UEBT, the interest from new and existing Trading Members in joining the different programs, the interest of other standards organisations in starting up partnerships with UEBT, are all signs of the ability of UEBT to deliver on its mission and vision.

Moreover, several positive effects have been experienced at the level of companies, suppliers and field operators that join UEBT programs. This emerges from the studies conducted. There have been some perceptions of negative effects related to the complexity of implementing the UEBT approach at the different level of the supply chains.

In the coming years, UEBT will need to balance its attention on companies – the focus of its work – with the attention on field operators and their communities. The new standard shall be informed by this goal and provide a tool to achieve it. Moreover, guidance shall be developed to smooth the process of compliance with UEBT requirements at the different levels of the supply chain.

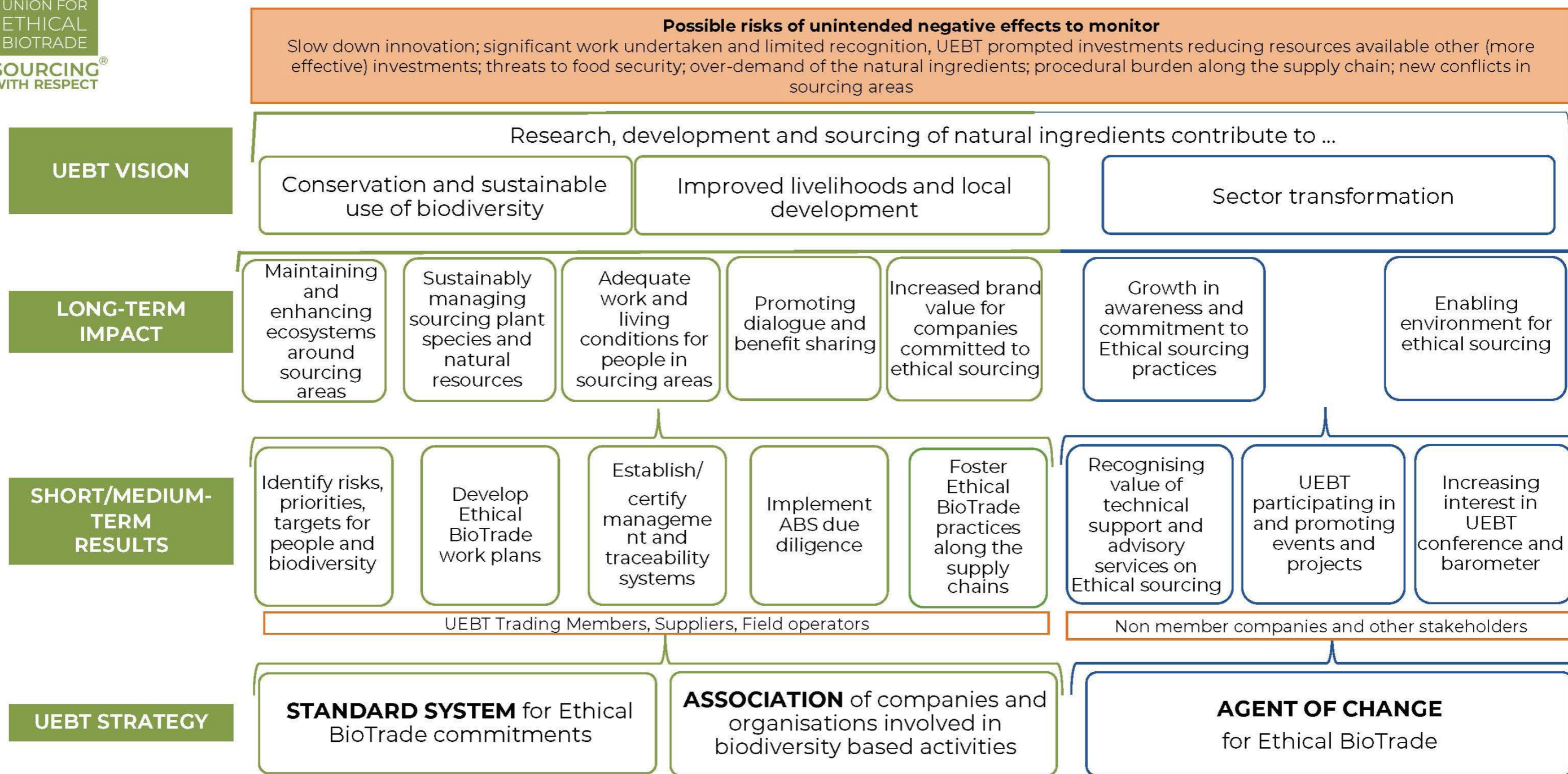
Trading Members and field operators shall be provided with tools and examples on good practices and how to implement them. Furthermore, Trading Members shall be supported on how to communicate about UEBT – internally and externally. It shall become easier to explain what UEBT is about, how it helps to foster sustainability, and why it is worth undertaking the effort of complying with the UEBT standard.

For the 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 businesses such as those companies UEBT works with. On the other hand, approaches and guidance shall be further developed to make the concept of promotion of biodiversity understandable and workable in different contexts. This guidance will be developed without being prescriptive, allowing for bottom up actions, but also being able to guide those actions.



UEBT Theory of change (TOC)

Short version based on V2 – 23-08-16

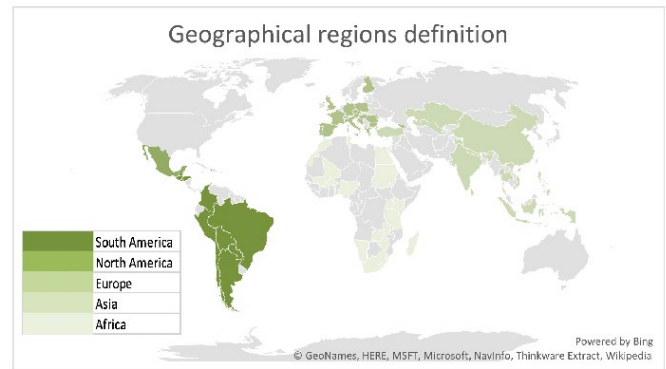


ANNEX 2. Monitoring and Evaluation indicators

VISION	AREAS OF SHORT/MEDIUM/LONG TERM EFFECTS	INDICATORS			
		L1 REACH & SCALE	L2 CHANGES	L3 IMPACT	UNINTEDED EFFECTS
Sector transformation	Ethical BioTrade sourcing strategy	Percentage of prioritized natural ingredients <i>Cultivation</i> <i>Wild collection</i>	% conformities with setting Ethical BioTrade Commitments % conformities with making Commitments publicly available % conformities with complying with UEBT entry indicators % conformities with complying with Ethical BioTrade work plan *Expanded sustainability strategy to integrate biodiversity aspects		*Slow process of alignment of the staff and suppliers with the strategy
	Ethical BioTrade management system	Percentage of certified UEBT natural ingredients <i>Cultivation</i> <i>Wild collection</i>			
	Ethical BioTrade management system	Percentage of certified UEBT-UTZ natural ingredients <i>Cultivation</i> <i>Wild collection</i>			
Sector transformation	Ethical BioTrade sourcing strategy	Number of trading member <i>Per geographic areas</i> <i>Per country</i>	% conformities with having an Ethical Sourcing System defined which includes scope, policies, procedures, internal monitoring system, training programme % conformities with having conducted risk assessments of the natural ingredient portfolio following Ethical BioTrade principles % conformities with having defined a due diligence system to comply with Access and Benefit Sharing (ABS) % conformities having ABS permits		*High demand for human or economic resources * Increase in complexity and workload * Reduced supply options and risk of losing existing suppliers for increasing requirements
	Ethical BioTrade management system	Number of trading members that adopted certification program <i>IMS certification</i> <i>ESS certification</i> <i>Herbal tea certification</i>	% conformities with policies, procedures, and guidelines - IMS - established and in line with the certification protocol to regulate the certification system % conformities with rules and procedures established for Local Monitoring System - LMS - to ensure that the IMS is sufficiently complemented and replaced % conformities with 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		
	Ethical BioTrade management system	Number of prioritized supply chains Number of certified UEBT supply chains Number of certified UEBT-UTZ supply chains	% conformities with procedures are established to assess compliance with traceability requirements at each of the control points % conformities with procedures are established to incentivise continuous improvement of suppliers and producers in the fields regarding Ethical BioTrade practices *Increased effectiveness in sourcing system management (traceability, assurance, risk identification)		
Sector transformation	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		
	Value creation for workers and communities	Percentage of first stage actors involved in the prioritized supply chains, classified in: <i>producers linked to cultivation</i> <i>collectors</i>	% conformities with promoting active participation of field producers in discussion and negotiation on prices % conformities with wages paid in line with minimum wage regulation, collective bargaining agreements or other official wage regulations *Growth in professionalism *Increased negotiation power and institutional capacity	*Increase opportunities for value creation along the supply chain	*Complexity in interpreting requirements in particular situation while assuring compliance
	Value creation for workers and communities	Percentage of first stage actors involved in the certified UEBT supply chains, classified in: <i>producers linked to cultivation</i> <i>collectors</i>	*Improved income opportunities *Improved access to services and goods		
Improved livelihoods and local development	Value creation for workers and communities	Percentage of first stage actors involved in the certified UEBT-UTZ supply chains, classified in: <i>producers linked to cultivation</i> <i>collectors</i>			
	Right of actors		% conformities with equal remuneration for men and women for work of equal value % conformities with promoting active participation of field producers in discussion and negotiation on sourcing activities % conformities with measure to ensure equal participation in trainings and awareness raising sessions for men and women % conformities with respect of regular working hours of 48h per week % conformities with no involvement of children below 15 years hold in sourcing activities *Improved salaries, safety, and working schedule	* Women involvement in relevant roles * No children involvement in economic activities	*Complexity in interpreting requirements in particular situation while assuring compliance
	Biodiversity friendly sourcing practices	Prioritized natural ingredients <i>% Per geographic area</i> <i>Nr Per country</i> <i>Nr Per Bioma</i>	% conformities with establishing good collection/cultivation practices to ensure negative impact on biodiversity are avoided/mitigated % conformities with implementing good collection/cultivation practices to avoid/mitigate negative impact on biodiversity *Increasing awareness on biodiversity	*Ensured restoration of used natural resources over time *Ensured regeneration of used biological resources over time	*Complexity in interpreting requirements in particular situation while assuring compliance
Conservation and sustainable use of biodiversity	Biodiversity friendly sourcing practices	Certified UEBT natural ingredients <i>% Per geographic area</i> <i>Nr Per country</i> <i>Nr Per Bioma</i>			
	Biodiversity friendly sourcing practices	Certified UEBT-UTZ natural ingredients <i>% Per geographic area</i> <i>Nr Per country</i> <i>Nr Per Bioma</i>			
Conservation and sustainable use of biodiversity	Actions for protection, regeneration and enhancement of biodiversity		*Increasing awareness on biodiversity		*Complexity in interpreting requirements in particular situation while assuring compliance
	Actions for protection, regeneration and enhancement of biodiversity				

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 indicate the studies implemented in 2017-2018. They case depending on what results to be relevant from baseline and evaluation studies.

ANNEX 3. UEBT by country 2017 and geographic regions definition



Country	Biomass	Trading members	Certificate holders	Nº of prioritized natural ingredients	Nº of prioritized natural ingredient supply chains	Nº of certified UEBT natural ingredients	Nº of UEBT certified natural ingredient supply chains	Nº of certified UEBT-UTZ natural ingredients	Nº of UEBT-UTZ certified natural ingredient supply chains
Burkina Faso	Savanna	2	1	8	13	0	0	3	4
Comoros	Tropical Rainforest	0	0	1	1	0	0	0	0
	Savanna								
Egypt	Desert	0	0	2	2	0	0	14	19
Kenya	Savanna	0	0	0	0	0	0	10	10
Lesotho	Savanna	0	0	1	1	0	0	1	1
Madagascar	Savanna	2	0	11	23	1	1	0	0
	Tropical Rainforest								
Mali	Savanna	0	0	5	7	0	0	0	0
	Desert								
Morocco	Chaparral	0	0	6	6	0	0	0	0
	Desert								
Namibia	Desert	0	0	3	3	0	0	0	0
	Savanna								
Nigeria	Savanna	1	1	0	0	0	0	0	0
	Tropical Rainforest								
Reunion	Tropical Rainforest	0	0	1	1	0	0	0	0
South Africa	Desert	1	0	0	0	0	0	4	4
	Deciduous								
Sudan	Desert	0	0	0	0	0	0	0	0
	Savanna								
Tunisia	Chaparral	0	0	1	1	0	0	0	0
Tanzania	Desert	1	1	0	0	1	1	0	0
	Savanna								
Togo	Savanna	0	0	1	1	0	0	0	0
Uganda	Savanna	0	0	2	2	0	0	0	0
	Tropical Rainforest								
Zambia	Savanna	0	0	1	1	0	0	0	0
	Tropical Rainforest								
Zimbabwe	Tropical Rainforest	2	0	3	4	0	0	0	0
	Savanna								
China	Alpine								
	Deciduous								
	Tropical Rainforest	0	0	4	4	0	0	1	1
	Tundra								
	Desert								
India	Grasslands								
	Savanna	1	0	7	9	1	1	0	0
	Tropical Rainforest								
Indonesia	Grasslands								
	Desert								
	Tropical Rainforest	0	0	2	3	0	0	1	1
Israel and the Occupied Territories	Chaparral	0	0	1	1	0	0	0	0
	Desert								
Kazakistan	Grasslands	0	0	0	0	0	0	3	3
Kyrgyzstan	Grasslands	0	0	0	0	0	0	1	1
Korea, Republic of (South Korea)	Deciduous	0	0	1	1	0	0	0	0

Country	Biomass	Trading members	Certificate holders	Nº of prioritized natural ingredients	Nº of prioritized natural ingredient supply chains	Nº of certified UEBT natural ingredients	Nº of UEBT certified natural ingredient supply chains	Nº of certified UEBT-UTZ natural ingredients	Nº of UEBT-UTZ certified natural ingredient supply chains
Nepal	Alpine	0	0	1	1	0	0	0	0
New Caledonia	Tropical Rainforest	0	0	1	1	0	0	0	0
Philippines	Tropical Rainforest	0	0	1	1	0	0	0	0
Sri Lanka	Tropical Rainforest	0	0	2	2	0	0	0	0
Thailand	Tropical Rainforest	0	0	1	1	0	0	1	1
Turkey	Alpine Chaparral Grasslands	0	0	2	3	0	0	13	27
Uzbekistan	Desert	0	0	1	1	0	0	0	0
Vietnam	Tropical Rainforest	0	0	0	0	0	0	0	0
Albania	Chaparral	0	0	1	1	0	0	7	8
Austria	Deciduous	0	0	2	2	0	0	0	0
Bosnia & Herzegovina	Alpine Chaparral	0	0	1	1	0	0	7	7
Bulgaria	Deciduous	0	0	3	8	0	0	17	20
Croatia	Alpine Chaparral	1	1	1	1	0	0	11	21
Czech Republic	Alpine	1	1	1	1	0	0	0	0
France	Chaparral Deciduous	8	0	7	7	0	0	0	0
Finland	Coniferous forest (Taiga)	0	0	0	0	0	0	1	1
Georgia	Alpine	0	0	0	0	0	0	6	7
Germany	Alpine Deciduous	6	4	7	7	0	0	26	43
Greece	Chaparral Deciduous	0	0	1	1	0	0	0	0
Hungary	Deciduous	0	0	2	2	0	0	14	15
Italy	Chaparral Deciduous	2	0	10	11	0	0	0	0
Kosovo	Alpine	0	0	0	0	0	0	21	21
Moldova Republic of	Grasslands Deciduous	0	0	1	1	0	0	0	0
Poland	Deciduous	0	0	0	0	0	0	4	34
Portugal	Deciduous Chaparral	0	0	1	1	0	0	0	0
Romania	Deciduous Alpine	0	0	1	1	0	0	4	4
Spain	Deciduous Chaparral	1	0	7	8	0	0	4	4
Switzerland	Alpine Deciduous	0	0	1	1	0	0	0	0
United Kingdom	Deciduous	1	0	3	3	0	0	0	0
Mexico	Desert Grasslands Alpine Tropical Rainforest	1	0	3	4	0	0	1	1
United States of America (USA)	Grasslands Alpine Deciduous Desert Chaparral	1	1	4	4	0	0	2	2
Argentina	Alpine Grasslands Desert	0	0	4	4	0	0	0	0
Bolivia	Alpine Tropical Rainforest Desert	0	0	0	0	0	0	0	0
Brazil	Tropical Rainforest Savanna Desert Grasslands	5	1	25	74	17	31	0	0
Chile	Desert Chaparral Tropical Rainforest	1	1	1	1	0	0	3	10
Colombia	Alpine Savanna Tropical Rainforest Grasslands	1	0	5	5	0	0	0	0
El Salvador	Tropical Rainforest	0	0	1	1	0	0	0	0
Guatemala	Alpine Tropical Rainforest	0	0	2	3	0	0	0	0
Haiti	Tropical Rainforest	0	0	1	1	0	0	0	0
Honduras	Tropical Rainforest Alpine	0	0	1	1	0	0	0	0
Paraguay	Alpine Grasslands	0	0	0	0	0	0	4	12
Peru	Desert Alpine Tropical Rainforest	2	0	24	26	0	0	0	0

ANNEX 4. Methodology to explore the pathways of changes and effects for UEBT membership and certification programs

Using a methodology developed in collaboration with outside experts, UEBT evaluated the changes and effects perceived by two trading members and their suppliers from adopting the UEBT standard in the company's sourcing system for natural ingredients.

Between 2017 and 2018, two studies have been conducted and completed. One study concerned changes and effects in a company involved in the membership process. Another study concerned a company involved in the ingredient certification programs. The first study has been conducted by UEBT M&E team. The other study has been commissioned to experts with years of experience in researching similar topics in the context where the company operates.

The studies design is based on the UEBT Theory of Change (ToC - Annex 1). The focus is on the pathways of changes and effects that the ToC defines with respect to the membership and certification process at the company and supply chain level (Annex 4). The pathways start from UEBT interventions that are meant to support Trading Members, certificate holders and their suppliers in fulfilling Ethical BioTrade principles. The second step of the pathways includes the actions that might be taken by Trading Members, certificate holders and suppliers to implement their commitments with sustainability in general and, more specifically, with Ethical BioTrade principles. Subsequently, the pathways move into the benefits that are expected to materialise from the actions in the short-term (early benefits) and in the long-term (late benefits).

This path of interventions, actions and benefits is not linear. There might be some feedback loops between steps. Moreover, other factors are influencing the process, such as existing sustainability commitments of the member company or the social, political, economic and environmental context in which they operate. Furthermore, not all the possible interventions, actions and benefits actually occur and, if they do, this might happen at different points in time. Finally, there are some unforeseen effects may occur as well.

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.

They 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.

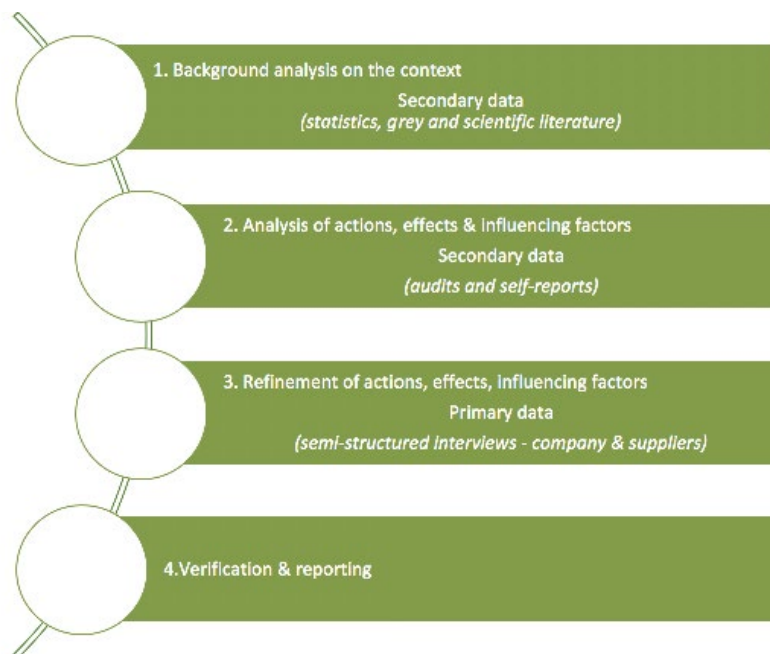
2. Defining data collection and reporting criteria

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 Trading 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 proces-sors.

Figure 15 Methodological steps



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 by replying the to the following questions:

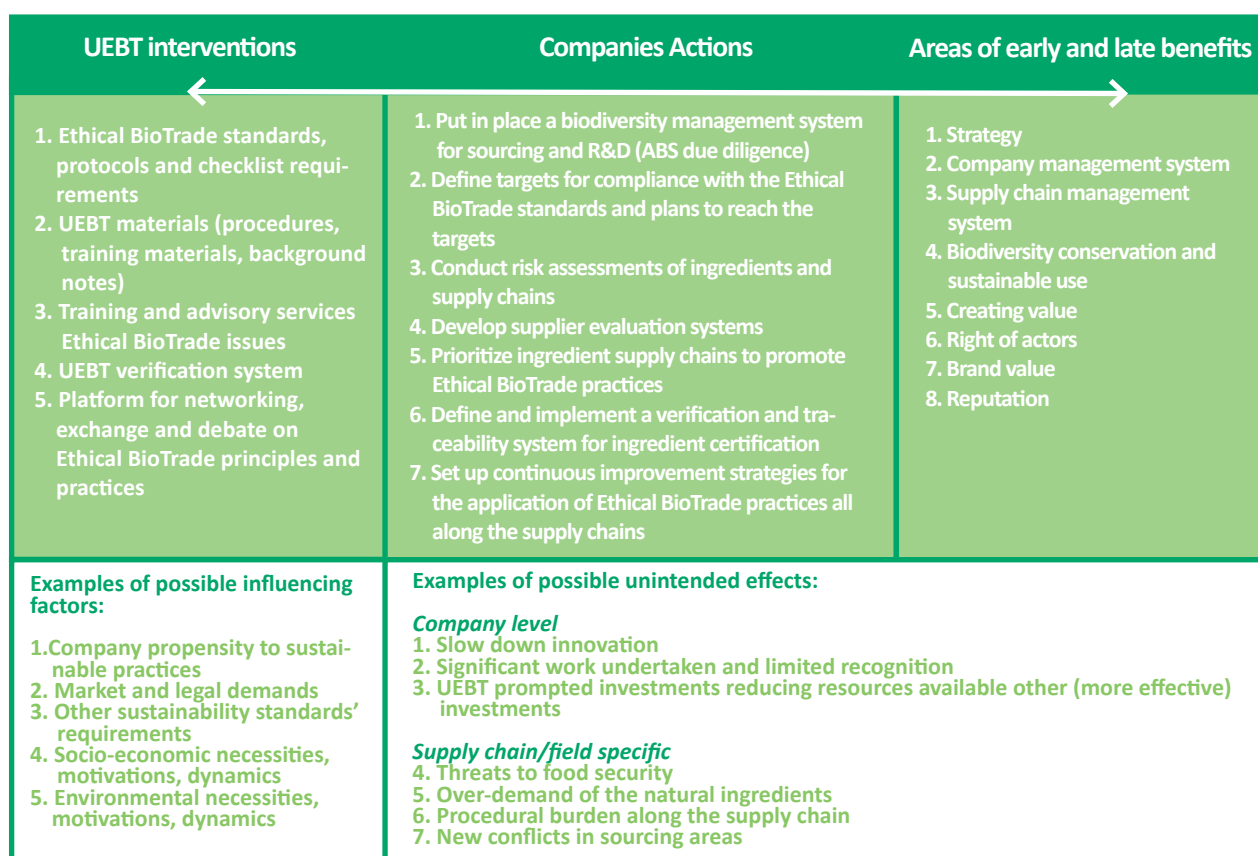
1. Which actions UEBT companies and their suppliers implement to fulfil their sustainability commitment along to the UEBT membership and certification processes?
2. What fosters and, otherwise, hamper the implementation of the actions?
3. Which effects are perceived – expected or unintended - at the 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?

The findings of the studies provide learning points for UEBT and the Trading Members on how to improve the UEBT standard and related programs as well as the companies’ involvement to be more effective in generating positive impacts on people and biodiversity. However, there are some limitations to the studies and, therefore, to their contribution.

It would be interesting to repeat the study in a few years to verify if the benefits expected to come will occur and if the actions recommended to correct unintended effects and improve positive effects have been implemented. Combination of qualitative analysis, based on perceptions, and quantitative analysis, relying on measurements as evidences of experienced benefits and implemented actions, would be appropriate.

Moreover, the investigation of changes and effects at the supply chain level can be deepened. A study can be set to explore the point of view of other actors at the supply and production level – beside the supplying company owner - as well as to verify the impact on people working in the field and biodiversity in the area of production.

Figure 16 Changes and effect pathways: UEBT membership





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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