



Inspire!
Sourcing
& Innovation
for people
& biodiversity
1&2 June, 2017



2017 'Beauty of Sourcing with Respect' Conference Report



Lessons in conserving and restoring biodiversity

Inspire! The value of biodiversity

Rik Kutsch Lojenga, UEBT Executive Director, welcomed participants to the annual 'Beauty of Sourcing with Respect' conference. The 2017 conference, now in its ninth edition, explored biodiversity as a crucial source of innovation and raw materials at a time when consumers are turning towards naturalness. It looked at the role of biodiversity in connecting to consumers based on core socio-ecological values. The conference attracted more than 180 participants, mostly representatives from sourcing, sustainability and R&D departments in companies in the food, cosmetics and natural pharmaceutical sectors. Other participants included representatives from civil society, international organisations, and governments in Africa, Europe and Latin America.

Rolf Winters, award-winning filmmaker and transitional leadership consultant, in his keynote speech, called on businesses to become "Earth Keepers". He drew lessons from his "Down to Earth" movie, which captures the leadership and wisdom of elders around the world. Sustainable businesses adopt such an inspirational approach, rather than act based on compliance, stakeholder requirements or marketing. These companies embrace innovative and sustainable solutions because it is their moral duty, it makes common and therefore business sense, and attracts and maintains talent. "The best ideas", said Rolf, "come from the heart", and that is no different for businesses seeking to benefit people and biodiversity.

Session 1, moderated by **Christophe Godard**, Supply Chain and Quality Manager of OLVEA Burkina Faso, called attention to successful approaches for integrating the conservation and sustainable use of biodiversity into work with natural ingredients.

Thekla Teunis, the Founder and Director of Grounded, a company in South Africa working together with farmers to find practices that restore degraded land and improve their livelihoods. For example, in the Baviaanskloof Hartland, goat grazing was replaced by herbs grown for essential oils, and complemented by landscape restoration projects. Today, the farmers are earning higher incomes, while restoring the main water catchment area for the nearby city of Port Elizabeth.

Angela Pinhati, Industrial Director at Natura Cosmetics, introduced two videos prepared by UEBT to show approaches to conserve and restore biodiversity in Brazil. Natura Cosmetics, founding member of UEBT, is one of the most valuable brands in Brazil, and widely recognized as an innovative and sustainable company. "Biodiversity is one of the drivers of strategic innovation in the company", explained **Renata Puchala**, Senior Sustainability Manager at Natura Cosmetics, in the video. Though it has been a learning curve, Natura Cosmetics now ensures that production and conservation go hand in hand. Ingredients used in its Ekos brand show how natural ingredients from the Amazon can provide value to biodiversity and ensure the conservation of species and ecosystems. Natura's work contributes to sustainable use of biodiversity in over 257'000 hectares of Amazon forest, improving the livelihoods of 24 local communities. And its consumers value this.

The second example was Native, a Brazilian brand of the family-owned Balbo Group, and member of UEBT. In 1987, the company decided to make the growing of sugar cane more sustainable, while lowering the cost of production. Today, Native is the biggest supplier of organic sugar in the world, and produces organic alcohol for the cosmetic sector. In the video, **Fernando Alonso Oliveira**, Agronomic Development Manager at Native,

noted the process was not easy: there was resistance in a conservative region, and results took some time. Eventually, yields improved in comparison to traditional agriculture. And there is a range of other positive impacts, such as the wealth of fauna – 340 species – that has been found to live around the sugar canes fields, which are intermixed with forest patches. **Leontino Balbo Jr**, CEO of Native, explains that he cannot take credit for these pioneering ideas, “it is nature that tells me what to do.”

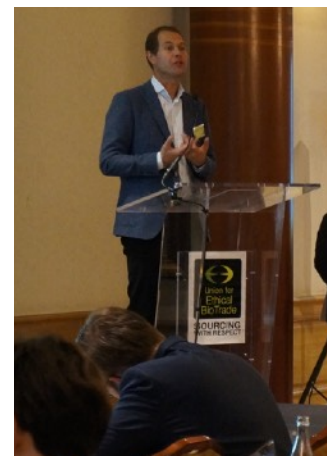
Stuart Slabbert, Commercial and Economic Development Manager of African Parks, presented his organization, which currently manages ten parks and protected areas in seven African countries. In many of these parks there are interesting efforts and opportunities to produce natural ingredients, including honey, essential oil and medicinal plants. The only limitation, explained Stuart, is finding the partners to develop these supply chains. He invited participants to support these efforts, build partnerships, contribute to making wildlife parks socially and economically viable and share the stories of African biodiversity with the world.

In panel discussions, the presenters highlighted the importance of working with different stakeholders to conserve and sustainably use biodiversity. It is key to listen and engage, rather than step away from the challenges. It is also important to have a business case behind conservation and sustainable use – local actors love their land, but need to ensure that these activities consider and improve their livelihoods.

Positive brands: Linking people and biodiversity

Session 2 focused on trends linked to biodiversity among companies and consumers, emphasizing opportunities to connect to consumers through positive impacts.

Thibaut Nguyen, Director Trends & Prospective at Ipsos, presented some results of the 2017 Biodiversity Barometer on behalf of UEBT. He noted the evolution of consumer awareness of biodiversity, with growing numbers of consumers around the world aware of the concept and its importance. Looking ahead, young people are expected to drive increasing interest in the biodiversity. Indeed, Thibaut explained the natural trend is here to stay: biodiversity is becoming not only a concern, but also an inspiration, an objective, a path for both people and companies.



David Ainsworth, Information Officer at the UN Convention on Biological Diversity (CBD), recognized the difficulties for the international community to reach CBD’s targets set for 2020, including on public awareness. However, he explained that the CBD takes a much longer perspective and work is moving forth to advance such awareness, as well as harmony between people and biodiversity. In communicating biodiversity, it is essential to make a connection with people and linking this topic to the Sustainable Development Goals. Finally, he called on participants to join in efforts to communicate on biodiversity, noting the CBD is already working with a range of partners, including UEBT.

Elisabeth Laville, Chief Entrepreneur at Utopies, focused on the trend towards “positive brands.” She outlined the challenge: Sustainability is boring! Or it can be, if it is centred on compliance and reducing negative impacts and far from companies’ core business. The answer is “changing the focus to changing the world”. Business practices have improved over past decades, but incremental change is not enough to deal with global problems. We need to increase positive impact, said Elisabeth. Surveys show that positive brands perform much better, yet only 28% of brands are seen to positively impact people’s lives.

Leila Rochet-Podvin, CEO at Cosmetics Inspiration & Creation, presented additional results of the 2017 Biodiversity Barometer on behalf of UEBT. Through videos prepared for UEBT, she demonstrated how

brands are communicating on biodiversity, showcasing how nature is an essential source of inspiration, as well as a tool for brands to communicate well-being to consumers. UEBT consumer research shows that ethical sourcing of biodiversity has an important “feel good factor,” noted Leila. Additionally, consumers increasingly feel there is a moral obligation to choose more responsible products. A summary of the 2017 Biodiversity Barometer is available on the [UEBT website](#).



A panel discussion featured perspectives and experiences of a wide range of brands and companies. **Annemarie Leniger**, Managing Director of Ostfriesische Tee Gesellschaft (OTG), underlined the importance of biodiversity in the tea sector, where 90% of the product is indeed biodiversity. OTG is a family business committed to the ethical sourcing of biodiversity, realising that its long-term existence depends on continued access to a wide variety of plant species. Key to the necessary backward integration in the supply chain is a strong partnership with its suppliers. In terms of biodiversity commitments, **Nisrine Zaaraoui**, Biodiversity Project Manager at L'Oréal, emphasised the importance of backing up sustainability commitments with solid internal processes. L'Oréal made biodiversity commitments around 10 years ago, but realized that such commitments also had to consider the close link with people. This led to the more comprehensive “Sharing Beauty with All” commitments in 2013.

Panellists also discussed the UEBT Biodiversity Barometer, noting that consumers still don't trust companies. **Jayn Sterland**, Managing Director of Weleda UK, said this was logical, because the driving force of business is seen to be shareholder value. Weleda was founded on different principles, but this is not the case for most companies. That is why it is critical to be transparent and more profound in sustainability. “Weleda is honest about the challenges: it adopts a ‘yes, and how can we fix this’ attitude,” said Jayn, “along with

a process of truly mainstreaming sustainability within the company, following the UEBT guidelines”. **Nancy Mahon**, SVP Global Corporate Citizenship and Sustainability at the Estée Lauder Companies, stressed that it was possible to leverage the topic of biodiversity within companies, as ethical sourcing of natural ingredients is an opportunity to spend less time minimizing risk, and more time adding value for products and brands. **Hans Holger Gliewe**, Chief Sustainability Officer at Symrise, also emphasized that linking business and biodiversity amounted to a more robust business model: “if this link is not made, biodiversity and local providers will increasingly be lost.”

Feedback on the “Beauty of Sourcing with Respect” conference

Participants completed evaluation forms, providing insights into topics and discussions found most useful. There were high marks for the different tools used to exchange with participants, from featuring speakers with a range of perspectives and background to complementing discussions with videos and background notes. Participants most appreciated the specific examples, case studies and practical solutions. They liked the combination of stories that were inspiring while remaining forthright on the complexities of putting ethical sourcing into practice. Participants also valued the interaction, highlighting the value of connecting with people from different background but shared ideas.

Over 94 percent of participants hope to join the UEBT conference next year. They suggested that the 2018 conference address topics such as company approaches to access and benefit sharing, how ethical sourcing creates business value, ways to engage and empower local suppliers, best practices on sustainable sourcing of natural ingredients, and examples of collaboration between different stakeholders. Participants also called for even more time for debate, discussion and networking.

Biodiversity as a source of innovation

Building on discussions on the importance of biodiversity, Session 3 considered the interface between biodiversity, innovation and rules on access and benefit sharing (ABS). **María Julia Oliva**, Senior Coordinator for Policy and Technical Support at UEBT, introduced the key principles of ABS, and described how these principles are being implemented in laws and regulations around the world. ABS principles, introduced by the CBD in 1992, aim to create incentives for the sustainable use and conservation of biodiversity. Nevertheless, countries adapt and implement ABS principles in different ways, which poses challenges for business. Nevertheless, UEBT videos with interviews of companies and experts on ABS showed that various companies are integrating ABS principles into their activities not only for legal compliance, but also to ensure more transparent, equitable and secure supply chains.

Ulrich Feiter, Chief Executive Officer of Parceval, described lessons learnt in the company's engagement in several permitting procedures on ABS in South Africa. South Africa has rules on ABS dating to the Biodiversity Act of 2004 and its regulations on bioprospecting, adopted in 2008 and revised in 2015. Ulrich highlighted the important objectives of ABS rules in South Africa, but acknowledged they did not reflect the complexity of natural ingredient supply chains. To date, South Africa has issued 46 permits, several secured by Parceval, often jointly with its clients, including for ingredients such as *Agathosma betulina*, *Pelargonium sidoin*es and *Mesenbryanthemum crystallinum*. He explained the difficulties of building partnerships with local communities, while highlighting the importance of such partnerships, both at commercial and personal levels. Finally, he pointed to the great potential of biodiversity in South Africa and ongoing efforts to have more enabling rules on ABS.



Panel discussions introduced the views and experiences of additional experts on ABS. **Daphne Yong-d'Hervé**, Head of Intellectual Property at the International Chamber of Commerce, considered how discussions on ABS have evolved.

National implementation of the Nagoya Protocol on ABS is impacting companies' awareness and engagement. However, the diversity and lack of clarity in ABS rules often proves challenging for business. **Cristiane Arenas**, of Nascimento & Mourao Attorneys in Brazil, assessed the advantages and disadvantages of new rules on ABS in Brazil, noting that registration for access and fixed parameters for benefit sharing will mean less delays for research and development. At the same time, making final product manufacturers responsible for benefit sharing may be a disincentive for using ingredients from Brazilian biodiversity.

Looking at lessons learnt in national implementation of ABS, **Natalie Feltman**, of the Department of Environmental Affairs in South Africa, explained the challenges regulators faced in developing rules and engaging in negotiations involving activities in a wide range of sectors. It is not easy to define what is practicable and equitable in such varying circumstances. The South African government is thus trying to facilitate exchanges with the private sector, as well as working with experts in bioprospecting and supply chains. **Pierre du Plessis**, Advisor to the ABS Capacity Development Initiative, reflected on how to ensure ABS contributes to its goals. He noted that ABS does not work if it the *only* incentive for conservation and sustainable use. That is why ABS should be approached not only as a set of legal requirements, but rather as a way of tapping into innovation opportunities and making positive impacts.

Challenges and opportunities of ABS in the food sector

Session 4, moderated by **Suhel al-Janabi**, Co-manager of the ABS Capacity Development Initiative, focused on the food sector, in which ABS issues often seem less explored.

Markus Wyss, of EU Specialty Food Ingredients, introduced the specialty food ingredient sector, underscoring its highly innovative nature and the value it brings to food products, including through preserving, providing colour and texture and improving their nutritional profile. Biodiversity continues to be a source of innovation for specialty food ingredients, but Markus explained that ABS rules pose a significant challenge. He gave examples of how vague definitions create many questions for R&D activities in the sector, and excessive paperwork creates bottlenecks at early stages of innovation processes. Markus looked at how the issue of scope had been addressed in the guidance for the food sector on the implementation of the EU regulation ABS. He explained that until industry is clear on what it *must* do, it cannot consider what it *could* do, in terms of best practices.

Rachel Wynberg, Bio-Economy Chair and Associate Professor at the University of Cape Town, approached ABS not only in the context of legal compliance, but also as a set of principles that can be applied for more equitable supply chains. She referred to the case of rooibos, a plant native to South Africa with a growing global demand as an herbal tea. She explained how ongoing negotiations towards fair and equitable benefit sharing between industry and the holders of traditional knowledge associated to rooibos were contributing to making the sector more inclusive. The case is complex: traditional knowledge holders no longer live in sourcing areas and the uncontrolled cultivation of rooibos has created serious environmental problems. Rachel noted that the ABS negotiations could bring significant benefits, particularly through non-monetary benefits and value addition within South Africa. However, she acknowledged the limits of ABS, which will not deal with land reform or give small

Laurent Gaberell, Expert on Agriculture, Biodiversity and Intellectual Property at Public Eye, a Swiss NGO, shared another case where ABS may be a tool to recognize the contribution of traditional knowledge to food and beverage products. Stevia is a plant native to Brazil and Paraguay, and has long been used by the Guarani people as a sweetener. Today, steviol glycosides –compounds derived from the plant – are used in a variety of products and could eventually constitute 20-30% of the market for sweeteners. Public Eye considers that the principles of the Nagoya Protocol, as well as ABS rules in Brazil, require that companies involved in the Stevia industry recognise the Guarani's traditional knowledge and engage in negotiations to share the benefits in a fair and equitable manner. Guarani groups hailing from the area of origin of Stevia have begun to organize and claim rights over the associated traditional knowledge. Public Eye has approached several companies to discuss benefit sharing.

Presentations raised several questions and comments from participants, including on the challenges of implementing ABS along complex supply chains, the characteristics that would make Stevia a good test case for ABS and the possible innovative approaches to ABS (such as a “tax on biodiversity”) that could simplify putting it in practice.



Closing words

Rik Kutsch Lojenga closed the first day of the conference, thanking participants for the active engagement in discussions and hoping they had in fact been inspired: inspired by the power that can be unlocked when the heart and mind are put together for sustainability; the sourcing models that conserve and restore biodiversity; the role of biodiversity in innovating and connecting with consumers interested in naturalness; the potential of ABS to be part of business strategies of responsible brands; the importance of integrating ABS principles in business functions and of seeking ABS permits; and the possibility of going beyond legal compliance towards positive impact, so that businesses can become true 'Earth Keepers'. Rik called on participants to join UEBT in the journey of ethical sourcing of biodiversity, learning, sharing experiences, and advancing towards a world in which people and biodiversity thrive.

An additional platform for exchange



For the first time UEBT's conference included an additional day of more interactive and technical discussions for all interested participants. On June 2, UEBT, in collaboration with the ABS Capacity Development Initiative, organized "Making ABS work," a public-private dialogue on procedures to access genetic resources and associated traditional knowledge. Over 120 people joined this dialogue, including over 60 company and 20 government representatives, with additional participants from business associations, research institutions and service providers.

This dialogue involved several activities, including discussions in small groups on the permitting procedures for ABS in countries such as Brazil, France, Madagascar, Morocco, Panama and South Africa. The groups, moderated by government representatives or other experts from these countries, provided participants from other governments and stakeholder groups with insights into requirements for access and utilization of genetic resources in those countries. Groups explored questions such as which permits are required, who can apply for these permits, what steps are required to secure a permit and how long the processes take.

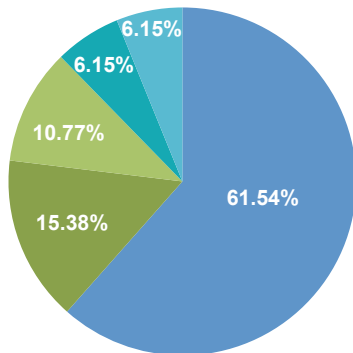
Another activity involved group discussions on topics identified by participants as "pressing" for the implementation of ABS. Participants engaged in lively exchange based on provocative statements like "monetary benefit sharing should always be fixed as a percentage of sales of the final product," "ABS rules should require research and value addition to take place locally," and "a multilateral mechanism should replace the bilateral approach to ABS." Participants were able to share a wide range of experiences and perspectives on these topics.

In closing, **Rik Kutsch Lojenga** and **Suhel al-Janabi** emphasized the usefulness of building understanding and exchange among stakeholders. They noted how the open and constructive exchange during the group discussions should encourage authorities to reach out companies in the development and application of ABS rules, as well as inspire companies to engage in ABS permitting processes, work towards more successful cases of ABS, and come back in 2018 to share their stories in the "Beauty of Sourcing with Respect" conference!

How did participants rate the conference?

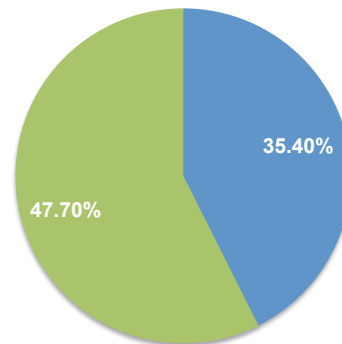
TYPE OF PARTICIPANTS

■ Company ■ Government ■ NGO ■ International Organization ■ Other



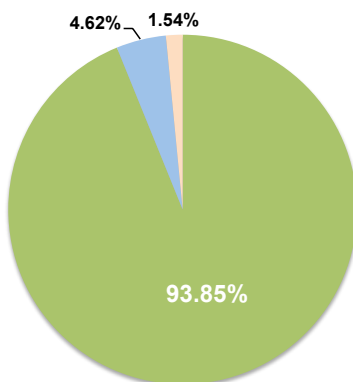
TOTAL PARTICIPANTS

■ Very good ■ Good



WOULD YOU BE INTERESTED IN ATTENDING THE BSR CONFERENCE AGAIN IN 2018?

■ Yes ■ No reply ■ Don't Know ■ No



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