

UEBT Beauty of Sourcing with Respect Conference 2019

Summary Report

300 business leaders, policymakers and civil society representatives gathered in Paris on 20-21 May for the “Beauty of Sourcing with Respect” Conference, an annual event hosted by Union for Ethical BioTrade (UEBT) that brings people together to discuss how natural ingredients can be sourced in a way that respects people and biodiversity. The conference covered rising consumer awareness in Asia, breaking through the complexities of Nagoya Protocol rules, lessons learned from working in partnerships, ethical sourcing of wild collected ingredients, and due diligence in human rights, among other topics.



Largest conference yet as companies pay more attention to biodiversity

Overall, the conference was the largest attended yet, with more companies increasing their activities around ethical sourcing. Different sectors have become interested as well (e.g. pharma and food) and are realizing that consumers expect the private sector to protect people and biodiversity in their innovation and sourcing activities.

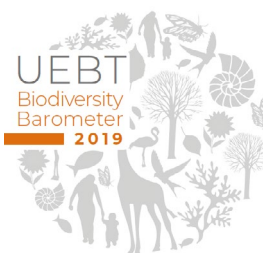
Who attended?

The conference attendees were comprised of 65% companies, mostly from the beauty sector including leading brands Estée Lauder, L'Oréal, Clarins, Guerlain, Weleda, Natura and many others. There were also more than 50 government representatives in the conference, traveling from Asia and Africa primarily, to discuss evolving rules for biodiversity research and development – rules on ‘Access and Benefit Sharing’ or ABS under the Nagoya Protocol.

Most of the private sector representatives who attended work in sourcing departments and focus on the procurement of raw materials. Some work in a company's sustainability team.

Biodiversity Barometer

On the first day, UEBT unveiled 2019 Biodiversity Barometer (www.biodiversitybarometer.org), an annual survey commissioned to gauge levels of awareness of biodiversity among consumers around the world. In 2019, the research focused on four countries in Asia (Vietnam, South Korea, Japan and China). This marked the first time the researchers did a ‘zoom’ into Asian consumers’ perceptions about biodiversity. Some major results included:



- A majority of Asian consumers feel companies are morally obligated to positively impact biodiversity.
- Asian youth are better informed about biodiversity than other age groups.
- Asian consumers have higher awareness of biodiversity than consumers in the UK, US or Germany.

Regardless of country or region, the survey has shown that every year biodiversity awareness rises from year to year and that people aged 16-24 are the most well informed on the topic.

83% of respondents in the four Asian countries say they heard about biodiversity. **39%** say they know exactly what it means.

Session and speakers highlights

Day 1 - Session 1 – Looking East : Consumer Insights



Rik Kutsch Lojenga of UEBT opened the conference citing information from the recent Intergovernmental Science-Policy Platform on Biodiversity and

Ecosystem Services' (IPBES), which stated that one million species on Earth are in peril. He said that biodiversity for most companies is still lip service and called on them to take more concrete action, particularly considering that 30% of UEBT members' ingredients are collected from the wild.

The Biodiversity Barometer results were shared by **Leila Rochet**, UEBT consultant and Founder of Cosmetics Inspiration & Design (see major takeaways in the introduction above and the full report at www.biodiversitybarometer.org). She stated that we are seeing an **'Asianisation in the 21st century'** and that 37% of the beauty market is in Asia Pacific.



Andreas Sommer, Chief Commercial Officer at Weleda joined the discussion on Asia and consumer awareness. He talked about how the results of the Barometer were surprising although he knew a general awareness of 'nature' was deeply embedded in Asian culture. Mr. Sommer foresees that in 10 years **'the quest of reconnecting with nature will be quite strong in Asia,'** as more people live in cities and have longer journeys to get to a natural place.



The panelists felt there is a real demand in Asia for ethically sourced products but there is also an **'action gap'** such as one interviewed on the street who mentioned that people are not as aware when they actually get to the store shelf to make a choice.



Sandrine Sommer from Guerlain presented their new Bee Respect Platform that is helping them get to 100% of all materials traceable by 2020. The platform shows products, all raw materials, packaging, transport, recycling and end of life. First meant as an internal tool, the platform is now being piloted for Guerlain clients.

Amarit Sahota from Ecovia Intelligence shared additional statistics and insights from Asia. Sahota said that 22% of global cosmetic sales happen in Asia, but the region accounts for only 6% of total natural cosmetics sales. He



also emphasized a high level of greenwashing. **'Natural is everywhere.'** Overall, Sahota said that while the biggest challenge is to market and distribute with all of that confusion, that **'the way forward is product innovation,'** with an example given of the Kamut brand that is using ancient grains and marketing **'something old as new.'**



In the final panel discussion in this session, panelists agreed that the biggest challenge for ethical sourcing in Asia is that people do not trust the labels, and particularly do not trust domestic labels. For example, consumers might rather buy organic from Australia for four times the price rather than the same product organically grown in Thailand. They have no trust of Asian brands. A large challenge will be how to develop local and regional markets like those that exist in Europe.

Day 1 - Session 2 – Partnerships for Responsible Sourcing

This session explored concrete examples of companies and other stakeholders coming together to advance ethical sourcing of biodiversity. Heather Ducharme from The Body Shop shared an ABS permit recently secured in South Africa through joint efforts with suppliers, authorities and local communities. **'We have to be skilled in partnership – we cannot do ethical sourcing without it.'** Ducharme stated. The case involves the Clanwilliam cedar, a culturally important and endangered tree in South Africa, as described in a note available in the UEBT resources page.



Hamish Taylor from Symrise talked about tackling the generation gap in farming and through how they have done several new projects with GIZ German development cooperation support. Taylor said that these projects focus on making big differences to large numbers of farmers without using a huge amount of land and affirmed that it is possible to make a difference, even in such complex issues, and that companies **'can change lives provided we engage farmers including paying them a fair price and give them training.'**



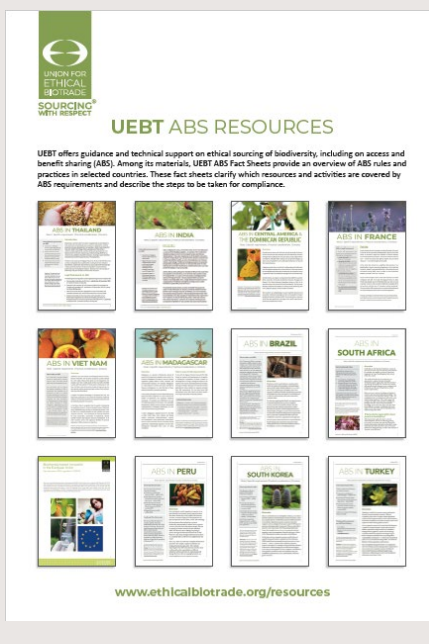
Joao Teixeira from Natura gave an update on the pre-competitive working group on Carnauba wax, the Initiative for Responsible Carnauba (IRC), that is co-facilitated by UEBT and GIZ. Members of the IRC, several of which were in the room, include Mars, Weleda, Nestlé, Roeper, Natura, Haribo and others.

The Carnauba supply chain has a high level of informal workers and poor working conditions in the extraction sites. This initiative is focused on generating a preferential supplier program that drives improved practices. Brands joining IRC commit to sourcing from such suppliers on a continuous improvement path. For example, as part of the IRC, Brazilian suppliers Foncepi and Pontes have become UEBT members and verified their ethical sourcing systems.

ABS Rules Update:

- New rules have recently been adopted in Malaysia, Madagascar, Panama, and Namibia.
- Revised rules are currently under development in Ecuador, India, Peru, South Africa and Vietnam.
- Upcoming rules in China, Morocco.

www.uebt.org/resources to find numerous case studies and fact sheets to guide you in ABS.



Day 1 - Session 3 – Lessons from Responsible Sourcing

Maria Julia Oliva from UEBT gave an update on developments in law and practice related to the Nagoya Protocol. She stressed that companies need engage on ABS even before laws are developed or fully operational, as a way to contribute to more practical and effective requirements. Rules are evolving, which is often difficult to track. However, the amount of guidance and experiences on ABS is also increasing, even if impacts on-the-ground are still limited. Cosmetics companies continue to lead on ABS compliance and food companies need to step up. Oliva shared that very few of the top 100 food companies are reporting on ABS.



Nisrine Zaaraoui from L'Oréal shared lessons from its Solidarity Sourcing program. She talked about a four-step pathway they are using for 1,600 raw materials. This approach starts with traceability, then develops action plans, management according to a set of pillars, and finally impact projects. To date L'Oréal has 40 Solidarity projects in 13 countries, involving 20 suppliers and 15 partners. Some of the challenges they face are lack of traceability and supply chain complexity, low awareness from suppliers, and a diversity of on-the-ground requirements and issues to deal with. She concluded that **'collaboration with other organisations helps us achieve more transparency and work more directly with local people, as well as find innovative and holistic solutions and approaches.'**



Daniel Joulain from the Robertet Group shared the lessons from working in New Caledonia on the sourcing of sandalwood, a culturally important tree managed by the Kanak people that is used as an essential oil in fragrances. Joulain shared a video and talked about their project on the sustainable development of Sandalwood, which began 30 years ago and is now earning 1 million EUR per year for local communities.

Joulain shared challenges of overproduction in other parts of the world and demand for wood from China. The project is centered on a joint venture with the Kanak people, where the local people are the majority owners of the company.



Andrew Wilson, UEBT Board member and the manager of the Helvetas Regional BioTrade Project Southeast Asia gave closing remarks for the first day of the conference. He pressed the audience with 'what are you all going to do when you go home? When you all leave, what will happen next week and the week after?'



More perspectives from panellists and audience

'Donor projects are just too short, it means that we are on the constant hunt for low hanging fruit'

'Supplier partnerships often fail when the person with the passion leaves the project. So, partnerships need an entire group of passionate people.'

'Wild collection is a good way to conserve biodiversity by using it sustainably.'

'Many sustainability challenges come from extreme poverty or lack of economic opportunities: these are the root causes that must be addressed.'

'You have to work with a real living wage benchmark. Talk to your partners to understand actual needs to determine prices'

'Certification is only one of the UEBT strategies, which also include membership, working groups and technical support. What counts is continuous improvement and impact on the ground.'

Technical Exchanges on ABS and Ethical Sourcing

On the second day of the conference, two technical exchanges were offered – one focused on ethical sourcing of ingredients and another on developments in ABS.

The ABS Exchange, co-organised with the ABS Capacity Development Initiative, was attended by over 130 participants, half of them companies, mostly representatives from regulatory affairs departments, and the other half policy makers, with several of the official authorities and focal points for ABS present in the room. Discussions focused on how ABS rules are evolving and what it means for companies in practice – including how they integrate compliance into their policies and procedures.



In the **Ethical Sourcing Exchange**, co-organised with The BioTrade Initiative, the audience – also over 130 participants – was predominantly companies, with a few representatives from non-profits that work with companies on sustainability programs. Case studies were presented from around the world and covering a range of sustainability issues such as labor rights, living wage, biodiversity conservation, deforestation, and working conditions. Ingredients featured in stories ranged from sandalwood to devil's claw to bergamot to jasmine flowers to mica.



Ethical Sourcing Exchange

With the support of the
UNCTAD BioTrade Initiative



Weleda's work in Moldavia in Lavender

Lessons: You need to understand the local culture to change mindsets, which takes patience and time. However, *'if you trust the people you work with, you will go far.'*

Firmenich's work in India in Jasmine

Key factor: Local talent. Even so, climate crisis is a major challenge, soil depletion is hard to fix. You need a long term approach.

New BioInnovation Africa project

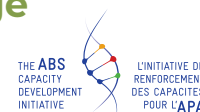
Focus: Improving ABS frameworks and supporting local businesses. Audience voted to rank business support options: most wanted to strengthen local businesses, then support on sustainable farming and wild collection. *"We voted for things that put food in people's mouths and money in people's pockets."* Local development and ethical sourcing also ranked high.

Flora and Fauna International on enterprise development

Focus: Work undertaken in Kyrgyzstan to increase value for Rosehip and to conserve biodiversity, funded by The Body Shop. They did initial assessment against the UEBT Standard, focused on reducing deforestation, fair benefit sharing, and involving women in activities.

ABS Exchange

With the support of the ABS Capacity
Development Initiative



UEBT on ABS in company systems

Due diligence is broader than a requirement at the European level. ABS rules around the world mean companies must pay attention and gather information on their raw materials. UEBT members are leading the way with the Ethical Sourcing System.

Symrise on ABS integration

'Complexity is not an excuse for inaction.' Symrise described its comprehensive approach to ABS, including policies and due diligence procedures. *'What helped us a lot is a tool from UEBT to identify countries where there are or not ABS requirements.'*

Cosmo International on ABS in Colombia

In ABS, it is fundamental to be able to regularise past activities. Negotiations were constructive, but still ABS processes are time consuming. *'Patience is key.'*

German Federal Agency for Nature Conservation on monitoring due diligence on ABS

BfN, as the competent authority in Germany for the EU regulations on ABS, checks compliance with due diligence requirements on ABS. This process is well underway, with over 30 checks conducted to date on research institutions and companies across sectors working with biodiversity.

EcoEnterprises Fund on closing the funding gap

Lessons: IPBES report says 200-300 Billion USD needed to accelerate action to conserve biodiversity, private sector is best positioned to fill the gap, already there is 500 Billion in impact investments and 50 Billion of that is conservation projects, so this should be doable.

'What if the planet had an investment portfolio? You'd want to invest right beside her.'

Biodiversity Action Plans

More than half of the people in the room are implementing plans to step up biodiversity conservation and sustainable use measures. ***'What doesn't work with farmers is giving them orders and not supporting them financially or through training – this is just a "no go"'***

UEBT-Rainforest Alliance Herbs & Spices

Focus: replacing and expanding the UEBT-UTZ herbal tea program, new standard to be developed jointly, with use of the RA label. UEBT providing the certification behind the RA label and traceability system.

'This is an example of alignment and harmonizing of certifications – takes innovative thinking and trust.'

SupplyESChange on latest updates on human rights due diligence

Lessons: Rise in regulations and due diligence regimes in this space, social audit alone does not work, price focus is necessary.

The Body Shop on human rights

Lessons: Due diligence is about understanding where your suppliers are, assessing risks, identifying actions, mitigating and remediating. A mix of top-down and bottom-up approaches must be embedded in all teams.

Estée Lauder on child labour in Mica mining in India

Lessons: Mica is a mineral (non-biological material), but shares common issues and approaches with natural ingredients. For example, you need a long term approach, starting with research to get to the community point of view, ultimate goal is to work with government to provide these services.

'When we educate the families in the most vulnerable communities we see the mindsets change. We have 146 villages enrolled and it has become a government program.'

Trends in Asia in ABS

- ABS regulation is evolving in countries such as China, India, Indonesia and Vietnam.
- Challenge is difference interpretation of ABS related concepts (e.g. traditional knowledge) and its implications in terms of permits needed.
- Also difficult are different competent authorities, their varying levels of awareness on ABS and regarding the challenges of inter-sectoral coordination.

Trends in Africa in ABS

Presentations from authorities from Namibia, Cameroon, Madagascar, Benin and Kenya, with shared challenges including:

- Negotiating benefit sharing agreements
- Distinguishing between commercial and non-commercial research
- Identifying the 'user' along the supply chain
- Accelerating the process

UNDP Experiences in ABS

Lessons: Development of national ABS regulations can be complex and lengthy. Biodiversity partnerships are possible in countries with simple ABS policies.

Mini Training on drafting ABS contracts

The Golden Rule of contract drafting: avoid ambiguity!

- ABS terms have multiple meaning and are useless in a contract
- Be specific and concrete in relation to all substantive obligations and processes.
- Consider fundamental differences in public law and contract law

What do people say about the conference?

90%

of participants rated the conference as good or very good

79%

of participants think the conference delivered expected content

74%

of participants think the conference gave ideas and opportunities for collaboration

96%

of participants would like to participate again next year



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