



**Monitoring & Evaluation System Report**  
**Union for Ethical BioTrade (UEBT)**  
**- September 2016 -**

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## 1. Background

### 1.1. About UEBT

UEBT promotes private sector engagement in the sourcing of natural ingredients with respect for people and of biodiversity. It was created in 2007, with the support of the UNCTAD BioTrade Initiative, and brings together companies and non-private sector organisations committed to Ethical BioTrade. UEBT member companies are active in the cosmetics, food and pharmaceutical sectors. They may collect or grow plant material (for example, through wild collection, agroforestry or agriculture), produce plant-based ingredients such as extracts, vegetable and essential oils, tinctures, and active ingredients, or conduct research and development on new ingredients and products. For all these activities, the Ethical BioTrade standard, managed by UEBT, guides company practices and drives sustainable business growth, local development and biodiversity conservation.

UEBT aims to contribute to a process of market transformation in the cosmetics, food and natural pharmaceutical sectors. Through Ethical BioTrade concepts and tools, it provides a model and platform for businesses to contribute to local development and biodiversity conservation, in support of the implementation of the SDGs and CBD objectives.

In the work of UEBT, most of the change is achieved through its member companies. UEBT members commit to mainstream Ethical BioTrade principles in their operations, including in research, innovation, product development, and sourcing strategies for natural ingredient supply chains. Companies thus implement Ethical BioTrade principles at two levels: within the company itself and along their supply chains.

#### **The Ethical BioTrade standard**

The Ethical BioTrade standard defines practices that advance sustainable business growth, local development and biodiversity conservation. It encapsulates:

- Practices that promote biodiversity conservation by maintaining and restoring ecosystems and by using biological resources sustainably. This includes measures that contribute positively and proactively to biodiversity conservation in sourcing areas, as well as measures that actively reduce any potentially negative impacts raised by sourcing activities.
- Practices that aim to contribute to local development by equitably sharing the benefits generated through the use of biodiversity. This takes place through equitable trade practices, and through the sharing of benefits derived from innovation based on biodiversity and associated traditional knowledge.
- Practices that seek to respect human rights, the rights of workers and local and indigenous communities, and other rights linked to natural resources.
- Practices that address sourcing risks and improve the economic viability of companies and their products, so that Ethical BioTrade companies and their supply chains are sustainable in socio-economic terms.

### 1.2. About UEBT's M&E System

UEBT has an M&E system in place to give insight in the results of its strategies, in the reach of its approach (e.g. the number of suppliers, workers, countries it reaches, etc.), as well as in the changes promoted in member companies and their supply chains (e.g. outputs and impacts). UEBT's M&E system is based on regular collection of data, case studies and evaluation of selected activities. UEBT also explores new M&E approaches to improve its system and reduce costs.

As a member of ISEAL Alliance, UEBT have developed its M&E System following ISEAL's Code of Good Practice for Assessing the Impacts of Social and Environmental Standard Systems.

UEBT's M&E system is proportionate to the size of the organisation and verification and certification activities and will be further developed as the organisation grows.

## **2. Scope and Boundaries of the UEBT M&E System**

UEBT has defined M&E objectives until end of 2017, when its current strategic plan ends. Findings of UEBT's M&E efforts will serve as inputs for the new UEBT strategic plan, the Ethical BioTrade standard, and its assurance protocols. New M&E objectives will be set when the new strategic plan and revised standard are adopted in 2017.

Objectives till 2017:

- Collect, and improve the quality of, information with regard to the reach of UEBT and its members;
- Gain insight in impacts in priority areas of the UEBT Theory of Change (TOC), to allow improvements to the UEBT TOC, the Ethical BioTrade standard, and the UEBT assurance approach, as well as inform the strategic plan 2017-2020;
- Develop a better understanding of possible ways to systematically measure impact in these areas in the future & test new ways of monitoring to give insight in impacts.

UEBT has identified four priority areas for M&E: the reach of UEBT members, impact on companies of UEBT membership requirements, impacts in UEBT certified supply chains, and results of UEBT's work to promotion of Ethical BioTrade practices.

UEBT has a global standard through which UEBT promotes the Ethical BioTrade practices. Currently UEBT has 34 Trading Members from Latin America, Europe, Africa and Asia, which are gradually promoting Ethical BioTrade practices in over 1.400 supply chain through their Biodiversity Management System (BMS). They have prioritised approximately 200 supply chains in which they are promoting the implementation of the Ethical BioTrade standard with additional effort.

## **3. Roles and Responsibilities**

In 2015-2017 UEBT has one staff member who is (part-time) dedicated to the coordination of M&E efforts. Other UEBT staff members are tasked to contribute to collection of M&E data, and are involved in assessment, learning and improving. Staff dedication varies per year, but is estimated that the total time dedicated by UEBT staff amounts to 0.75 FTE, which correspond to 15% of UEBT's total staff resources, and 25% of the resources that are dedicated to verification and certification. The UEBT staff and their background are available on the UEBT [web-site](#).

In addition to staff resources, UEBT makes available financial resources for travel and for consultants involved in the case studies. UEBT finances this mostly from unrestricted financial resources, which is significant in view of UEBT's rather limited unrestricted resources.

Resources and efforts dedicated to UEBT M&E efforts are thus proportionate to the size of its operations. M&E efforts will develop as the organisation grows.

#### 4. Defining Intended Change

UEBT aims to contribute to a process of market transformation in the cosmetics, food and natural pharmaceutical sectors. Through Ethical BioTrade concepts and tools, it provides a model and platform for businesses to contribute to local development and biodiversity conservation, in support of the implementation of the SDGs and CBD objectives.

<i>UEBT Vision:</i>	To be the leading association of companies that are involved in biodiversity based innovation and sourcing, driving sustainable business growth, local development and biodiversity conservation.
<i>UEBT Mission:</i>	To promote Ethical BioTrade practices by offering UEBT members independent verification, technical support and networking opportunities for biodiversity-based innovation and sourcing

In order to identify the intended impacts and outcomes (short, medium and long-term) UEBT adopted a Theory of Change (TOC) in 2014. Following the adoption of UEBT certification services, the TOC was revised in 2015, including through consultation with the UEBT Board of Directors. See Annex 1: UEBT TOC & Causal Pathways<sup>1</sup>.

In summary, UEBT strategies can be grouped in three clusters:

1. UEBT as a leading association of companies involved in biodiversity-based innovation and sourcing. As such, UEBT:
  - Supports members to lead by example, through technical support and training for the implementation of Ethical BioTrade commitments;
  - Promotes exchange of experiences, and generates business networking opportunities, with actors from different parts of the supply chain encouraged to join;
  - Provides, together with affiliate members and partner organisations, access to tools and approaches that facilitate implementation of Ethical BioTrade practices.
  
2. UEBT as an agent of change. As such, UEBT:
  - Carries out sector-specific outreach and communication to raise awareness on Ethical BioTrade and enrolls companies as members;
  - Provides advisory services to member and non-member companies on Ethical BioTrade;
  - Provides inputs to governments and other organisations involved in developing regulatory and policy frameworks, in order to promote and facilitate Ethical BioTrade;
  - Develops guidance materials, information, and good practices that can be used by the private sector, international organisations, and governments.
  
3. UEBT as a credible and effective standard system. As such, UEBT:
  - Provides a credible back-up of the Ethical BioTrade commitments and practices of UEBT member companies towards their clients and stakeholders;
  - Periodically revises the Ethical BioTrade standard, as to ensure it remains good practice to orient business operations on ethical sourcing of biodiversity;
  - Manages a verification system that reviews members' progress in implementing the Ethical BioTrade standard;

<sup>1</sup> The UEBT TOC is publicly available at [www.uebt.org](http://www.uebt.org)

## 5. Performance monitoring

### 5.1. Performance monitoring

UEBT collects M&E data on a regular basis from its members to get insight in the reach of the efforts of UEBT and its members, and to get insight in members' perceptions on UEBT. UEBT collects this information through annual self-reporting by members, the membership audits, and the annual membership survey (see Table 1).

Type of Indicators	Scope			Data collected by	Internal Reports
	Source	Method of collection	Frequency		
Satisfaction	All Trading Members	Survey	Annually	UEBT secretariat	Annually
Reach	All Trading Members	Self report Audit report	Annually	Members Auditors	Annually
	Certificate Holders	Audit report	Annually	Auditors	Annually
Outputs	All Trading Members	Self report Audit report	Annually Each 3 years	Members Auditors	Annually
	Certificate Holders	Audit report	Annually	Auditors	Annually
Impacts	Trading Member: focus "Management System"	Case studies	See table 7	UEBT and or researchers	Summary publicly available
	Certificate Holder: Focus "certified supply chains"	Case studies	See table 9	Local Researchers	Summary publicly available

### 5.2. List of indicators

For satisfaction, reach and output levels, UEBT has adopted the following indicators:

N°	Indicators	Measure
1	Satisfaction with the overall functioning of UEBT	Qualitative
2	Value of UEBT membership to clients of UEBT members	Qualitative
3	Usefulness of business networking opportunities offered by UEBT	Qualitative
4	Usefulness of UEBT's Ethical BioTrade Standard as guidance	Qualitative
5	Usefulness of the outcomes of the UEBT membership audits to improve biodiversity sourcing practices	Qualitative
6	Quality of the auditors	Qualitative
7	Usefulness of UEBT guidance notes & tools	Qualitative
8	Usefulness of UEBT technical assistance	Qualitative

N°	Indicator	Measure
1	Number of trading members	N°
2	Number of trading members that adopted the certification program	N°
3	Number of affiliate members	N°
4	Number of provisional members	N°
5	Distribution of trading members per position in supply chain	%
6	Annual turnover (total and by sector: cosmetic, pharmaceutical, food)	Euros
7	Number of employees	N°
8	Number of natural ingredients	N°

9	Number of natural ingredient supply chains	N°
10	Number of prioritized natural ingredients	N°
11	Number of prioritized natural ingredient supply chains (per country)	N°
12	Volume of prioritized natural ingredients	Tons
13	Value of prioritized natural ingredients purchased	Euros
14	Type of production system linked to the prioritized natural ingredient: a) cultivation, b) wild collection and c) agroforestry.	N° by type
15	Number of estimate hectares from which prioritized natural ingredients are sourced (by type of production system)	Ha
16	Number of first stage actors involved in the prioritized supply chains, classified in: a) producers, b) collectors and c) producer of agroforestry system	N°
17	Additional certification per prioritized supply chain	Type of certificate

<b>Table 4. Certificate Holder - Reach indicators</b>		
<b>N°</b>	<b>Indicator</b>	<b>Measure</b>
1	Number of certified natural ingredient	N°
2	Number of certified suppliers	N°
3	Number of sourcing countries	N°
4	Total volume of certified natural ingredient (purchased and sold as certified) by the Certificate Holder	Ton
5	Total value of certified natural ingredient purchased by the Certificate Holder	Euro
6	*Premium generated trough sales of certified products	Euro
7	*Type of mechanism used to redistribute the premium	Qualitative
8	Number of individuals (suppliers, producer, collectors, workers) trained by or on behalf of Certificate Holders	N°
9	Type of training provided	Qualitative
10	Type of biodiversity conservation/restoration measures implemented by or on behalf of Certificate Holder	Qualitative
11	Wild collection system (per country)	Ton
	a) Estimated number of hectares from where the wild collection take place	Ha
	b) Type of land ownership of wild collection area	Qualitative
	c) Volume of certified natural ingredients	Ton
	d) Number of individual collectors involved	N°
	e) Number of workers (permanent or seasonal involved)	N°
12	Cultivation System (per country)	
	a) Number of farms included in the certification (supplier and sub-supplier)	N°
	b) % corresponding to small farms (i.e. less than 5 hectares)	%
	c) Estimate number of hectares of cultivated land	N°
	d) % of hectares that corresponds to agroforestry systems	%
	e) Number of producers involved in the cultivation	N°
	f) Number of workers (permanent or seasonal)	N°

(\*) Specific for UEET/UTZ "herbal Tea" certification program

<b>Table 5. Output indicators – Management System</b>			
<b>N°</b>	<b>Outputs expected (TOC)</b>	<b>Indicator</b>	<b>Parameter for monitoring</b>
1	Clear vision and targets regarding Ethical BioTrade	<ul style="list-style-type: none"> <li>• Number of Trading Members (TM) that have set targets</li> <li>• Number of TM that have made them public</li> </ul>	<ul style="list-style-type: none"> <li>- Number</li> <li>- Score achieve</li> </ul>
2	The Biodiversity Management System is improved through the UEBT verification system.	<ul style="list-style-type: none"> <li>• Number of TM that have a BMS in place</li> <li>• Number of TM that have a BMS in place that meets UEBT requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Score achieved</li> <li>- Qualitative</li> </ul>
3	Ethical BioTrade practices in priority supply chains	<ul style="list-style-type: none"> <li>• Number of TM that have prioritized natural ingredients</li> <li>• Number of TM that have implemented support actions with suppliers in priority supply chains</li> <li>• Number of suppliers in priority supply chains supported</li> <li>• First stage actors that benefited from these support actions implemented by or on behalf of the members.</li> <li>• Main biodiversity conservation/restoration measures that have been implemented or promoted at the sourcing areas</li> <li>• Main fair and equitable sharing of benefits measures that have been implemented or promoted at the sourcing areas</li> <li>• (*) Type of mechanism used to assess the priority supply chain (IPA, UEBT questionnaires, internal audits, certification, other)</li> </ul>	<ul style="list-style-type: none"> <li>- Number</li> <li>- Scored achieved</li> <li>- Qualitative</li> </ul>
4	Ingredient portfolio assessed on Ethical BioTrade practices and corrective actions taken.	<ul style="list-style-type: none"> <li>• Number of TM that have conducted a risk assessment conform the Ethical BioTrade requirements</li> <li>• Number of TM that have implemented a monitoring system for their natural ingredient portfolio</li> <li>• Number of natural ingredients that are under the BMS scope</li> <li>• % of total natural ingredient portfolio that is under the BMS scope</li> <li>• Number of TM that have implemented corrective actions for risks identified.</li> </ul>	<ul style="list-style-type: none"> <li>- Number</li> <li>- Scored achieved</li> </ul>
5	ABS due diligence system in place and, if applicable, steps to comply with legal and UEBT requirements on ABS	<ul style="list-style-type: none"> <li>• Number of TM with BMS that include policies or procedures on ABS</li> <li>• Number of TM that implement policies or procedures on ABS</li> <li>• Number of ABS permits and/or voluntary ABS agreements</li> </ul>	<ul style="list-style-type: none"> <li>- Number</li> <li>- Score achieved</li> </ul>

(1) To be discussed and modified, including in BMS template.

<b>Table 6. Outputs indicators - Certificate Holders</b>			
<b>N°</b>	<b>Output expected (TOC)</b>	<b>Indicator</b>	<b>Parameter for monitoring</b>
1	IMS in place that assures compliance with the Ethical BioTrade field checklist	<ul style="list-style-type: none"> <li>Conformity with the IMS requirements at the Certification Holder level</li> </ul>	<ul style="list-style-type: none"> <li>Score achieved</li> <li>Non-conformities closed</li> <li>(*) Type of non-compliance (qualitative)</li> </ul>
		<ul style="list-style-type: none"> <li>Number of internal monitoring visits by CH</li> <li>Conformity of monitoring visit reports with the IMS requirements</li> </ul>	<ul style="list-style-type: none"> <li>Score achieved</li> <li>Non-conformities closed</li> <li>(*) Type of non-conformities (qualitative)</li> </ul>
		<ul style="list-style-type: none"> <li>Number of external spot checks conducted</li> <li>Conformity found in external spot checks</li> </ul>	<ul style="list-style-type: none"> <li>Number of OS visited</li> <li>Number of FO visited</li> <li>Number of non-conformities</li> <li>(*) Type of non-conformities (qualitative)</li> </ul>
2	Traceability System in place to certified supply chain	<ul style="list-style-type: none"> <li>Conformity with the traceability requirements defined in the IMS protocol</li> </ul>	<ul style="list-style-type: none"> <li>Score achieved</li> <li>Number of non-conformities</li> <li>(*) Type of non-conformities</li> </ul>
3	ABS due diligence system in place for certified ingredients and, if applicable, steps to comply with legal and UEBT requirements on ABS	<ul style="list-style-type: none"> <li>Number of TM with IMS that include policies or procedures on ABS</li> <li>Number of TM that implement policies or procedures on ABS</li> <li>Number of ABS permits and/or voluntary ABS agreements for certified ingredients</li> </ul>	<ul style="list-style-type: none"> <li>Level of conformity (i.e. fully complies, partly complies, does not comply)</li> </ul>
4	The Management System is improved through the UEBT verification system.	<ul style="list-style-type: none"> <li>Corrective Actions (CA) that the Certification Holder have been addressed as per approval by CB</li> </ul>	<ul style="list-style-type: none"> <li>Number of CA</li> <li>(*) Type of CA (qualitative)</li> </ul>

(\*) Aspirational

## 6. Outcome and impacts

### 6.1. Case studies on UEBT membership impacts

In 2014-15, UEBT assessed the experience with the implementation of its membership requirements. Based on the outcomes of this internal assessment, measures have been taken to strengthen and improve the membership verification approach.

Through member company interviews and discussions with the UEBT BoD, UEBT defined the expected impact areas of UEBT membership (see table 7). UEBT is currently conducting case studies to corroborate and refine these areas and identifying relevant indicators.

In view of its limited resources, UEBT has decided to focus in first instance on impacts in larger companies, as these are likely to contribute significantly to UEBT's TOC. At a later stage UEBT seeks to better understand if impacts are different in other member companies, such as SMEs.

<b>Table 7. Changes expected at the Membership Levels</b>	
Scope	Subset of UEBT Trading Members
Method of collection	Case studies
Frequency	Objective: at least 2 case studies before end of strategic plan (i.e. end 2017), which represents 5% of UEBT Trading Members. More case studies may be conducted if additional resources become available.
Data collected by	UEBT staff and possibly external resources
Key impact areas <sup>2</sup>	Changes expected to be assessed
1. Brand value of UEBT membership	<ul style="list-style-type: none"> <li>- Back up of marketing claims</li> <li>- Client appreciation of UEBT membership</li> <li>- Continued social license to operate</li> <li>- Networking/business opportunities</li> <li>- Role in sustainability</li> </ul>
2. Management System	
a) Improved management of natural ingredients	<ul style="list-style-type: none"> <li>- Effective system of supplier management</li> <li>- Biodiversity aspects integrated in R&amp;D</li> <li>- Meeting Ethical BioTrade Targets</li> </ul>
b) Risk reduction /management related to Ethical BioTrade	<ul style="list-style-type: none"> <li>- Natural ingredient portfolio assessed</li> <li>- Understanding strategic supply chains</li> <li>- System weaknesses (found in audits)</li> </ul>
c) Internal capacities	<ul style="list-style-type: none"> <li>- Staff trained on Ethical BioTrade issues</li> <li>- Tools used</li> <li>- Access to best practices</li> <li>- Advantages through precompetitive cooperation</li> </ul>
d) Supplier development	<ul style="list-style-type: none"> <li>- Trust and dialogue</li> <li>- Compliance with supplier requirements</li> <li>- Quality</li> </ul>
e) ABS	<ul style="list-style-type: none"> <li>- Risk minimized</li> <li>- Legal compliance</li> <li>- Benefits shared</li> <li>- Increased dialogue among supply chain actors.</li> </ul>
3. Socioeconomic & biodiversity improvements in the supply chains	<ul style="list-style-type: none"> <li>- Investments in supply chains</li> <li>- Compliance with UEBT STD measured by companies</li> <li>- Improvement income, biodiversity, etc.</li> </ul>

<sup>2</sup> UEBT impact studies at company level should focus on one or more of the following key issues. These issues will be further refined in the 2016/17.

Case studies should also seek to identify significant unintended effects:

<b>Table 8. Unintended changed at the level of UEBT membership<sup>3</sup></b>
1. Slow down processes of innovation/ new product launched
2. Significant work undertaken with limited market recognition and value added to product
3. Investment in compliance with UEBT member requirements might limit the resources available to work on activities that have bigger impact in the field

## 6.2. Case studies on change promoted in certified supply chains

UEBT has defined the areas of intended change that should be the focus of the case studies (see table 9). The exact indicators to be used will depend on the cultivation system, organizational set-up, and geographical areas of the impact study.

UEBT carries out case studies to get insight in changes generated in supply chains, as a result of member interventions and application of the Ethical BioTrade standard.

UEBT has decided to focus M&E efforts on certified supply chains, as these comply with the UEBT standard and the results of member interventions are most likely to be measurable.

<b>Table 9. Focus areas for impacts at the level of sourcing areas:</b>		
Scope	UEBT certified supply chains	
Method of collection	Case studies	
Frequency	At least 3 case studies started before end of 2017. This represents 67% of certificate holders, and 4% of certified suppliers. More case studies may be conducted if additional resources become available.	
Data collected by	Local consultants, under supervision of UEBT, carry out the case studies.	
Key Area Impact	UEBT Standard component	Intended change to be assessed
1. Biodiversity conservation & sustainable use	Principle 1 C1.1/1.2  Principle 2 C2.1/2.2/2.4	<u>Cultivation System:</u> - Evidence of impacts on contribution to biodiversity conservation & restoration. - Evidence of reduced negative environmental impacts <u>Wild Collection:</u> - Evidence that over time the regeneration rate is not affected. - Evidence of contribution to biodiversity conservation & restoration
2. Creating Value	Principle 3 C3.1/3.2/3.3	- Evidence that requirements on pricing result in prices that move towards the equivalent of living wage - Impacts of contributions to local development projects to improve local livelihoods
3. Rights of actors	Principle 6 C6.2/6.3	- Change with regard to working conditions - Evidence of respect (or no disrespect) of rights of communities and indigenous communities in supply chains
4. Role of UEBT member companies	UEBT IMS protocol UEBT Std	- Role and effectiveness of support strategies - Role and effectiveness of applying requirements

<sup>3</sup> These are some examples of possible unintended effects identified by the UEBT Board of Directors.

**Table 10: Case studies should also seek to identify significant unintended effects<sup>4</sup>**

<p>1. <b>Food security:</b></p> <ul style="list-style-type: none"> <li>Producers adapt their production practices to the buyer's demands, which can create dependence on only one or two products. If the company stops purchasing, this could affect food security.</li> <li>Producers may prefer to sell products rather than eating it.</li> </ul>
<p>2. <b>Over exportation of the natural ingredient:</b></p> <ul style="list-style-type: none"> <li>Demand of UEBT members may increase the overall market demand of sourced products. This may lead to higher risk of over-exploitation of these products by buyers that do not follow Ethical BioTrade requirements.</li> </ul>
<p>3. <b>Burden for local companies and producers:</b></p> <ul style="list-style-type: none"> <li>UEBT rules and procedures may be too burdensome</li> </ul>
<p>4. <b>New conflicts in the sourcing areas:</b></p> <ul style="list-style-type: none"> <li>Some requirements (e.g. on illegal use of land and resources, association to trade union, etc.) can create conflicts/problems in the sourcing areas, where there were initially none.</li> </ul>

### 6.3. Assessment of outcomes of other selected UEBT TOC strategies

- UEBT also seeks to assess the outcomes of other strategies of its TOC, such as advisory, awareness raising, or contributing to an enabling environment.
- During each strategic plan UEBT selects which strategies will be assessed, depending on the efforts and resources that have been put in.
- Assessments are designed and carried out by UEBT and include interviews, review of feedback of activities, etc.

The information about the impacts studies that UEBT is developing have been added on the Sustainability Impacts Learning Platform (<http://www.sustainabilityimpactslearningplatform.org>).

## 7. Improving the effectiveness of the M&E system

M&E is systematically incorporated in UEBT's operations. It is included in membership and certification audit protocols, in member self-reporting, and feedback loops in UEBT support activities (Doc. ref. UEBT M&E internal procedures)

UEBT also assesses new ways to monitor and collect M&E data, in order to improve its systems, increase effectiveness and promote learning.

## 8. Opportunities for stakeholder engagement

UEBT is committed to reach out to, and engage its stakeholders in an open and trusted dialogue. This commitment is reflected in the UEBT governance as well as its assurance and M&E system.

UEBT conducts the majority of its stakeholder engagement through its governance bodies, which incorporate a balanced and representative group of stakeholders. In the case of UEBT TOC, the consultation will be together with the UEBT standard revision and the list of indicator will be subject to consultation in the UEBT standard and assurance committee.

Furthermore, the mean UEBT M&E documents will be publicly available on the UEBT website ([www.uebt.org](http://www.uebt.org)) as well as information on opportunities for stakeholder engagement.

<sup>4</sup> Examples of possible areas of unintended effects as identified by the UEBT Standard & Assurance Committee and baseline studies conducted.

## 9. Annex

### 9.1. UEBT Theory of Change

#### Theory of Change Union for Ethical BioTrade UEBT-TOC-23.08.2016

The Union for Ethical BioTrade (UEBT) is a non-profit association that promotes the sourcing of natural ingredients with respect for people and biodiversity. Through its members, companies sourcing natural ingredients in the food, cosmetics and pharmaceutical sectors, UEBT advances practices for biodiversity innovation and sourcing that promote sustainable business growth, local development and biodiversity conservation. This document describes the UEBT vision; the strategies it applies to promote change and advance its vision; and how it monitors and evaluates change.

#### Conceptual framework

The work of UEBT is based on internationally-recognized principles and commitments linked to biodiversity and sustainable development. Since the 1992 Earth Summit, sustainable development is a guiding concept for global efforts towards economic development, social equity and environmental protection. In 2015, moreover, over 190 countries adopted the Sustainable Development Goals (SDGs), as a roadmap for sustainable development till 2030. An essential and crosscutting consideration in the SDGs is the conservation and sustainable use of biodiversity.

Biodiversity encompasses the diversity of all living things, from human beings to microorganisms, including the variety of ecosystems. The UN Convention on Biological Diversity (CBD), adopted in 1992, promotes biodiversity conservation and sustainable use, as well as the sharing of benefits derived from the use of genetic resources. It recognises the global and local importance of biodiversity conservation for the functioning of our planet, and acknowledges biodiversity as a pillar for sustainable development. In 2014, the Nagoya Protocol was adopted under the CBD to set further development principles for biodiversity-based for research and development, and how benefits derived from such utilization should be shared. National rules implementing the Nagoya Protocol establish, for example, procedures to access genetic resources for research and development and how benefits derived from such activities should be shared.

#### Promoting change

UEBT aims to contribute to a process of market transformation in the cosmetics, food and natural pharmaceutical sectors. Through Ethical BioTrade concepts and tools, it provides a model and platform for businesses to contribute to local development and biodiversity conservation, in support of the implementation of the SDGs and CBD objectives.

<i>UEBT Vision:</i>	To be the leading association of companies that are involved in biodiversity based innovation and sourcing, driving sustainable business growth, local development and biodiversity conservation.
<i>UEBT Mission:</i>	To promote Ethical BioTrade practices by offering UEBT members independent verification, technical support and networking opportunities for biodiversity-based innovation and sourcing

Indeed, the private sector is recognized as a critical partner in advancing sustainable development and the objectives of the CBD. Through biodiversity-based innovation and the ethical sourcing of natural ingredients, businesses can contribute to recognizing and increasing the value of biodiversity, as well as to local development and the conservation and restoration of the biological resources on which their activities depend. Companies committed to sourcing with respect for people and biodiversity are thus able to grow economically while generating positive impacts along their supply chains. Such commitment also responds to growing consumer demand, and helps to manage sourcing risks and secure supply chains.

Achieving this potential requires the adoption of business models that take account of environmental, social, and economic impacts in an integrated manner. Individual businesses, and eventually whole sectors, need to change the way they operate to generate such positive impacts. At the same time governments need to develop legal and policy environments that are conducive for biodiversity based innovation efforts and for natural ingredient sectors to develop sustainably.

### **UEBT approach and activities**

UEBT promotes private sector engagement in the sourcing of natural ingredients with respect for people and of biodiversity. It was created in 2007, with the support of the UNCTAD BioTrade Initiative, and brings together companies and non-private sector organisations committed to Ethical BioTrade. UEBT member companies are active in the cosmetics, food and pharmaceutical sectors. They may collect or grow plant material (for example, through wild collection, agroforestry or agriculture), produce plant-based ingredients such as extracts, vegetable and essential oils, tinctures, and active ingredients, or conduct research and development on new ingredients and products. For all these activities, the Ethical BioTrade standard, managed by UEBT, guides company practices and drives sustainable business growth, local development and biodiversity conservation.

#### **The Ethical BioTrade standard**

The Ethical BioTrade standard defines practices that advance sustainable business growth, local development and biodiversity conservation. It encapsulates:

- Practices that promote biodiversity conservation by maintaining and restoring ecosystems and by using biological resources sustainably. This includes measures that contribute positively and proactively to biodiversity conservation in sourcing areas, as well as measures that actively reduce any potentially negative impacts raised by sourcing activities.
- Practices that aim to contribute to local development by equitably sharing the benefits generated through the use of biodiversity. This takes place through equitable trade practices, and through the sharing of benefits derived from innovation based on biodiversity and associated traditional knowledge.
- Practices that seek to respect human rights, the rights of workers and local and indigenous communities, and other rights linked to natural resources.
- Practices that address sourcing risks and improve the economic viability of companies and their products, so that Ethical BioTrade companies and their supply chains are sustainable in socio-economic terms.

#### ***UEBT member companies' commitments to Ethical BioTrade***

In the work of UEBT, most of the change is achieved through its member companies. UEBT members commit to mainstream Ethical BioTrade principles in their operations, including in research, innovation, product development, and sourcing strategies for natural ingredient

supply chains. Companies thus implement Ethical BioTrade principles at two levels: within the company itself and along their supply chains.

Within UEBT member companies, Ethical BioTrade practices are systematically incorporated in relevant policies and procedures with regards to natural ingredients sourced. To this end, companies develop a Biodiversity Management System, which ensures that the Ethical BioTrade standard is gradually implemented throughout its operations and along their supply chains, including through R&D policies, supply chain risk assessments, and supplier assessments.

Moreover, as part of the UEBT membership requirements, companies set public targets on their Ethical BioTrade commitments, and annually report on their progress. Companies must develop a Biodiversity Management System within three years of joining UEBT, but otherwise define their own speed and scope for implementing the Ethical BioTrade standard in their operations. Claims made about UEBT membership must of course be proportional to the scope and level of progress. Finally, companies undergo audits, through which auditors trained in the Ethical BioTrade standard verify the functioning and level of implementation of the Biodiversity Management System. These audits take place every three years.

At the level of supply chains, UEBT member companies also decide where to focus their efforts. Companies select supply chains in which the Ethical BioTrade standard is implemented in an accelerated way. Such selection takes place in view of strategic priorities and/or sourcing risks.

#### Gradual improvement & certification of compliance

In order to acknowledge compliance with the Ethical BioTrade standard and/or provide additional market recognition for specific supply chains, UEBT offers its member companies the possibility of certification. UEBT certification means that companies can certify compliance of selected supply chains against the Ethical BioTrade standard. Independent and qualified certification bodies annually audit UEBT certificate holders to assess the Internal Monitoring System used for selected supply chains, and check the implementation of this system by suppliers in sourcing areas, on the basis of a sample.

#### **Additional efforts towards market transformation**

To contribute to market transformation, UEBT not only supports member companies with the implementation of Ethical BioTrade practices. It also seeks to enrol additional member companies; to promote and create awareness on ethical sourcing of biodiversity beyond its membership; and to contribute to an enabling regulatory environment for ethical sourcing of biodiversity, by providing practical expert inputs to governments and international organisations.

In particular, UEBT deploys strategies aimed at:

- Increased awareness on the importance of biodiversity-based innovation and ethical sourcing of biodiversity among companies in UEBT target markets;
- Regulatory and policy frameworks that, where relevant, consider and enable Ethical BioTrade practices;
- A growing number of companies adopting Ethical BioTrade practices;
- Recognition for UEBT member companies for their efforts to respect for people and biodiversity;
- UEBT membership being seen as an effective contribution to companies' sustainability business strategies;
- UEBT certification being valued by relevant stakeholders, including clients; and
- UEBT being regarded as an international centre of excellence on ethical sourcing of biodiversity and as a credible organization promoting measurable impacts.

## UEBT strategic clusters

In summary, UEBT strategies can be grouped in three clusters:

1. UEBT as a leading association of companies involved in biodiversity-based innovation and sourcing. As such, UEBT:
  - Supports members to lead by example, through technical support and training for the implementation of Ethical BioTrade commitments;
  - Promotes exchange of experiences, and generates business networking opportunities, with actors from different parts of the supply chain encouraged to join; and
  - Provides, together with affiliate members and partner organisations, access to tools and approaches that facilitate implementation of Ethical BioTrade practices.
2. UEBT as an agent of change. As such, UEBT:
  - Carries out sector-specific outreach and communication to raise awareness on Ethical BioTrade and enrolls companies as members;
  - Provides advisory services to member and non-member companies on Ethical BioTrade;
  - Provides inputs to governments and other organisations involved in developing regulatory and policy frameworks, in order to promote and facilitate Ethical BioTrade;
  - Develops guidance materials, information, and good practices that can be used by the private sector, international organisations, and governments.
3. UEBT as a credible and effective standard system. As such, UEBT:
  - Provides a credible back-up of the Ethical BioTrade commitments and practices of UEBT member companies towards their clients and stakeholders;
  - Periodically revises the Ethical BioTrade standard, as to ensure it remains good practice to orient business operations on ethical sourcing of biodiversity;
  - Manages a verification system that reviews members' progress in implementing the Ethical BioTrade standard;
  - Manages an optional Ethical BioTrade certification program for selected supply chains of UEBT members;
  - Assures a credible and inclusive system by promoting multi-stakeholder inputs in its governance structures.

Finally, UEBT manages a Monitoring and Evaluation system that assesses whether the work of UEBT and its members is implemented as intended and is having the desired result. In this way, UEBT and its members continue to understand, learn, and improve their work, results and impacts.

A graphic illustration of UEBT's Theory of Change can be found in the annex 2.

## 9.2. Theory of Change (illustration)

