



UEBT
ASSURANCE CODE SYSTEM REPORT
SEPTEMBER 2016

Contents

1. Background on UEBT	3
2. Structure of the UEBT Assurance System	4
3. Stakeholder engagement	5
4. Personnel Competence	5
5. Assessment	5
5. Oversight	7
6. On-going Scrutiny	7
7. Other	8

1. Background on UEBT

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. UEBT seeks to contribute to the objectives of the Convention on Biological Diversity and the UN Sustainable Development Goals.

UEBT 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 Affiliate member are organization that are involved in supporting the work of UEBT and its members with regard to the promotion of Ethical BioTrade.

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.

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 offers companies the possibility to certify compliance of selected supply chains against the Ethical BioTrade standard.

2. Structure of the UEBT Assurance System

The UEBT assurance system verifies compliance of UEBT Trading Members with the UEBT membership obligations and certifies compliance of natural ingredients with the UEBT Ethical BioTrade Standard.

The UEBT Ethical BioTrade Standard ([STD01](#)) defines Ethical BioTrade practices to which members commit and against which natural ingredients are certified. The standard is composed of seven principles, which are divided into criteria and indicators. Among these indicators are Entry Indicators, which are the minimum requirements² an organization needs to comply with before becoming a Trading Member of UEBT. UEBT uses specific checklists to monitor the application of the Ethical BioTrade Standard in different situations (e.g. membership, ingredient certification).

The UEBT Assurance Program falls under the general governance structure of UEBT. The highest decision-making body is its General Assembly, which delegates ongoing governance to the elected UEBT Board of Directors (BoD). The UEBT Secretariat is responsible for the day-to-day management of the UEBT Assurance System. The UEBT BoD and Secretariat are supported by Committees, such as the UEBT Membership Committee and the Standards and Assurance Committee. The Terms of References of each of these governance bodies can be found on the UEBT [web-site](#).

To assure conformity with ISO standards, UEBT requires that Certification/Verification Bodies are accredited under ISO 17065 and/or ISO 17021. This requirement is set out in UEBT's general requirements and obligations for qualified Verification and Certification Bodies, which is publically available on the UEBT web-site (see [PRO01](#)).

UEBT reviews its assurance system periodically, at least every 5 years. Its membership assurance system was created in 2008. The last full revision of the UEBT Standard and accompanying assurance system dates back to 2012. The UEBT certification assurance system was created in 2014 and has not been subject to a full reviewed yet.

External verification and certification is done by auditors of third party Verification/Certification Bodies that are trained and qualified to conduct UEBT audits. The list of those approved to conduct UEBT audits is published on the UEBT [website](#).

UEBT's assurance system has been developed proportionally according to the size of its activities. (At the time of the report UEBT has about 40 members and 3 certificate holders) UEBT monitors potential risks related to its assurance program on a continuous basis and discusses with relevant governance bodies of the assurance system (i.e. UEBT Board,

Membership Committee, Standard and Assurance Committee). There is no written risk management plan in place yet; this will be developed as the organization grows.

3. Stakeholder engagement

UEBT involves stakeholders in the development and periodic review of its assurance system. The main vehicles for this are the UEBT BoD, which is composed of Trading and Affiliate members, and UEBT's Standard and Assurance Committee, which is composed of members and non-members, in line with UEBT's stakeholder classification.

UEBT considers the participation of stakeholders in the assurance process at two moments:

- 1) During the membership application process: stakeholders are given the opportunity to comment on provisional members through the UEBT [website](#).
- 2) During membership audits: members are requested to inform stakeholders of membership audits (PRO-24 – Independent Verification of UEBT Trading Members, available on the UEBT [website](#)).

Complaints can be filed using the UEBT appeals procedure (PRO07 Appeals procedure – available on the UEBT [website](#)).

4. Personnel Competence

Auditors conducting UEBT audits must be fully trained auditors with proven experience in auditing in social and environmental scheme(s). UEBT auditors must have successfully completed the training modules provided by UEBT, composed of E-Training modules, face-to-face training and observed audits accompanied by UEBT staff. The auditors are also expected to participate in periodic refresher-training events that are provided by the UEBT Secretariat.

UEBT works with contact persons (UEBT managers) within each of the Verification / Certification Bodies, who are responsible for the administrative processes and follow-up with the client (UEBT Trading Members) and for ensuring the good quality of the independent verifications and deliverables to the clients and to the UEBT Secretariat.

The specifications for UEBT Managers and lead auditors regarding their qualifications, skills and on-going training requirements are described in detail in PRO01 - General Requirements for Qualified Verification Bodies. Guidelines and support material are available on the UEBT [website](#).

For auditors conducting audits for UEBT Certification, additional requirements are established in the UEBT [Certification Protocol](#).

5. Assessment

UEBT's Verification System assesses the extent to which UEBT Trading Members are in compliance with membership requirements ([GOV25](#)) and are advancing the practices outlined in the Ethical BioTrade Standard.

To assess UEBT membership obligations, an independent audit is required every three years. Audits require on-site visits at the level of the UEBT member. On the basis of the audit results, the UEBT Member prepares a Work Plan to address the findings of the audit, with the aim of establishing or strengthening the Biodiversity Management System that addresses the Ethical BioTrade Standard requirements. This Work Plan needs to be approved by the Verification Body that conducted the audit. Once approved, a public summary of the audit report is prepared which can be requested through the UEBT website.

UEBT Members participating in the certification program for natural ingredients must undergo

annual external (third party) audits, both at the level of the company, its suppliers in origin countries, and producers in the field. The suppliers and producers are visited on a sample basis.

The external verification/certification is done by auditors of third party Verification/Certification Bodies that are trained and qualified to conduct UEBT audits.

Sampling

For UEBT membership audits, the sampling methodology is specified in an internal UEBT document (ADM20 – sampling methodology). The sampling procedure is used to define for which supply chains to conduct document checks.

For UEBT certification audits the sampling requirements are defined in the [UEBT Certification Protocol](#). The protocol provides sampling requirements for both assessment of documentation at level of the UEBT member company, and for certification visits in the field. Sample sizes may be reduced if risk assessments demonstrate low-risk situations

Audit team, time and reporting

UEBT members hire Verification/Certification Bodies to conduct audits. They are responsible for determining the time needed for audits, and the composition of the auditor teams to conduct the audits. Auditors are required to use the UEBT audit report templates, to conduct membership and certification audits, and to report on the audit findings. The auditors also review and approve the work plans or corrective actions that UEBT members prepare after each audit.

Self-assessments in UEBT assurance system

The UEBT assurance system has several self-assessment elements:

- UEBT Members conduct self-assessments of their natural ingredient portfolio to determine risks and to prioritize its supply chains based on the criteria of the Ethical BioTrade standard. A rapid appraisal of this assessment is included in the scope of the independent membership audit.
- In order to assess the Member's Biodiversity Management System during membership audits, external auditors review documentation that provides insight in the implementation of the Ethical BioTrade in a company's supply chains. The documentation can be derived from supplier self-assessments, as well as from second and third party audits of the suppliers.
- In the three-year period between independent audits, UEBT Members assess the progress made with regards to their Ethical BioTrade practices and the implementation of their work plans. UEBT members submit annual reports to UEBT on these assessments. These reports are publically available on the UEBT website³.

Compliance and remediation sanctions

UEBT membership requires a gradual improvement approach from companies. Non-conformities identified during membership audits have to be addressed by the member by indicating (i.e. in their work plans) how they will proceed to advance towards compliance with the requirements in the Ethical BioTrade standard and UEBT membership obligations.

If the membership audits finds non-conformities with one or more of the Entry Indicators, these will need to be addressed directly for UEBT Members to maintain their membership status. The UEBT Secretariat follows up on non-conformities identified by the UEBT assurance team (e.g. failure to comply with self-reporting requirements).

Non-compliances that are insufficiently addressed are reported to the UEBT Membership Committee. The Membership Committee may request corrective actions, and/or decide to suspend UEBT membership. The UEBT membership of suspended members will be terminated in case of continued non-conformity ([PRO14](#)).



The Membership Committee accepts new members based on the findings of external verification bodies. The Committee assures that due process has been followed. Any conflicts of interest are declared before each meeting.

In case of UEBT certification, the UEBT Certification protocol defines a scoring system that sets the minimum level of compliance required for certification. Major non-conformities need to be addressed by the (candidate) UEBT Certification Holder before being certified. The Certification Body that conducted the certification audit checks if non-conformities has been satisfactorily addressed. UEBT's Certification Committee, an internal committee of the UEBT Secretariat, makes the final certification decision on the basis of the recommendation put forward by the Certification Body conducting the certification audit.

Cases of complaints or appeals to decisions, both regarding UEBT membership and certification, may be submitted to the UEBT Appeals Committee and are handled according the UEBT Appeals Procedure ([PRO07](#)). This document is publicly available.

6. Oversight

The Ethical BioTrade verification system relies as much as possible on existing oversight mechanisms of Verification Bodies. Based on the results of several field tests carried out with different verification bodies from several countries in Africa and Latin America with the purpose of assessing respective accreditation/oversight mechanisms, the following requirements have been established for Verification Bodies wishing to conduct verifications against the UEBT system:

- Be accredited under ISO/IEC 17065 and/or ISO/IEC 17021
- Be recognized by another sustainability standard/certification schemes with similar goals.
- Have experience with auditing management systems and be implementing the ISO 19011 Guidelines (strongly recommended).

UEBT monitors the quality of the work of the verification/certification bodies through training and closely accompanying the auditors' auditing and reporting work. UEBT provides one-on-one instructions in preparation for the audits, conducts quality checks of the audit reports, and manages feedback provided by the members on the quality of the audits.

As such UEBT reviews all audit reports issued by external verification bodies to monitor them on quality and consistency and conducts shadow audits of membership and certification audits on regular basis, an option that is foreseen in all agreements with certification bodies.

7. On-going Scrutiny

UEBT does not allow its logo to be used for on-product labeling. The UEBT logo is only used for (off-product) communication material by members. The use of these is regulated in the UEBT Communications and Claims Policy for Trading Members, and UEBT's Certification Communication Claims Policy. These documents are available on the UEBT [website](#).

UEBT monitors references to UEBT and the UEBT membership on a continuous basis through a tracking software. Action is taken in any unauthorized claims of UEBT membership.

For the certification of herbal teas, UEBT and UTZ have entered a collaboration in which UTZ recognizes the UEBT Certification (complemented by additional UTZ-specific control points listed in a supplement document) and allows for on-product use of the UTZ label. For these UTZ does the surveillance regarding the use of the label.



8. Other

The complete list of UEBT Members (Provisional, Trading, Affiliate and Suspended members) is available on the UEBT website <http://ethicalbiotrade.org/membership/>.

The list of UEBT Certificate Holders is also available on the UEBT website: <http://ethicalbiotrade.org/certifications/>