



Annual Report



2011



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welcome

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Our mission and vision:

Union for Ethical BioTrade (UEBT)

UEBT is a non-profit association that promotes the 'Sourcing with Respect' of ingredients that come from biodiversity. Members commit to the 'Sourcing with Respect' of biodiversity by following the Ethical BioTrade Standard. This means that members gradually ensure their sourcing practices promote the conservation of biodiversity, respect traditional knowledge and assure the equitable sharing of benefits all along the supply chain. Progress towards the implementation of Ethical BioTrade practices is tracked by independent audits every three years. Thus, companies can use their membership to UEBT as a way of underlining their commitment as well as improving practices if necessary.

Mission: To bring together actors committed to Ethical BioTrade and to promote, facilitate and recognize ethical trade practices in goods that meet the sustainable development goals of the Convention on Biological Diversity.

Vision: Increased trade in biological resources actively contributes to the conservation and sustainable use of biodiversity, as well as to other sustainable development goals.



Community Trading Grants

UEBT-members Aroma Forest and Man and the Environment (MATE) are supporting local communities to produce essential oils from Madagascar's biodiversity that are then sold to the international market. Aroma Forest was awarded the Community Trading Grant, made possible by UEBT's donor the Doen Foundation, to help accelerate the implementation of Ethical BioTrade Principles and Criteria and much of the work was performed in 2011.

*Figure 1: Tropical Forest zone of Vohibola
- © Man and the Environment*

Words from the President of the Board

Gus Le Breton, UEBT President from its creation in 2007 to November 2011

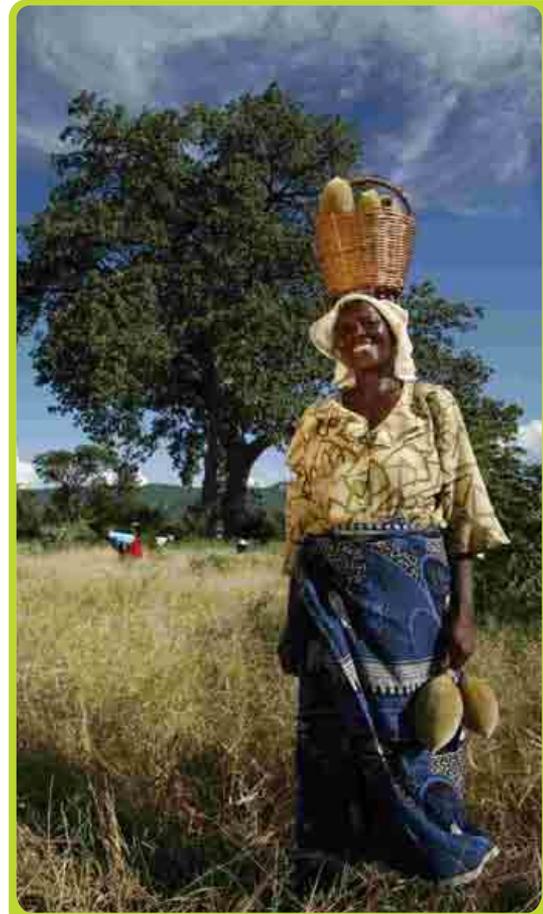
In May 2007, in Geneva, Switzerland, a group of European companies sat round a table with a cross-section of African and Latin American producers and established the Union for Ethical BioTrade.

Four and half years later, I had the pleasure of chairing my last meeting as the President of the UEBT Board. This time we were in Basel, Switzerland, and the contrast between this and the first meeting could not have been greater.

Our first meeting was facilitated by a UN organisation, UNCTAD. Without their support and endorsement we would have struggled to attain the legitimacy we now have with many international organisations. We knew from the outset, however, that UN support was only temporary. If UEBT was to reach maturity, it would have to build up a core membership big enough to sustain its work. In order to grow its membership, it would have to deliver services and products relevant to its members' needs.

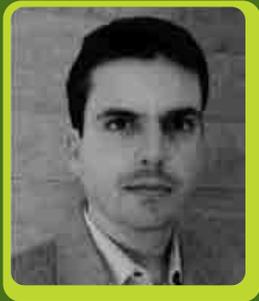
Today, we seem to be doing that. Our most recent meeting was hosted by one of Europe's foremost natural beauty and healthcare companies, and a recent UEBT member. Over the years UEBT has continued to evolve and adapt itself to better serve its members' needs, and this has been reflected in steady membership growth. Next year we will launch an improved and more user-friendly verification system, at which point we hope to see a significant increase in the number of membership applications.

I stepped down from the Presidency in November 2011 to move on to new challenges, and handed over to Ricardo Faucon, from the Brazilian beauty company Natura. Natura are strong supporters of the Ethical BioTrade philosophy, and I have no doubt the UEBT will thrive under their leadership.



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UEBT serving its members' needs

Ricardo Faucon (Natura), President of UEBT from November 2011

First of all I would like to thank Gus Le Breton for the great work he has done for UEBT over the last four years. His inspiring leadership has helped drive the organisation to where it is today.



The world is currently trying to find ways to work towards what is sometimes known as the green economy. At UEBT, we believe that companies, society, and government share responsibility for the conservation of ecosystems and for pursuing solutions for the sustainable management of natural resources. In this context, UEBT has the responsibility, and great opportunity, to be a platform for companies looking to promote biodiversity conservation and income generation through the ethical sourcing of biodiversity.

UEBT also has an important role in education. Our responsibility lies in both supporting companies to promote Ethical BioTrade as well as communicating with a broader range of businesses and consumers about responsible market initiatives and practices. With this approach we promote both push and pull traction for Ethical BioTrade. The good news is that research shows that consumers are getting more and more conscious about biodiversity.

Looking to the future, 2012 will be the beginning of a period of expansion for UEBT. During 2011 we increased our strength in the cosmetics sector and refined our verification system. We are now seeking to support the pharmaceutical and food and nutrition business.

UEBT's growing community

Comments from the Executive Director - Rik Kutsch Lojenga

For UEBT, 2011 was a year of many changes. We have had a change of presidency and we were able to welcome many new representatives to the UEBT Board of Directors. These new voices will help UEBT move into a new phase of expansion and adapt to the changing business environment that we see around us. Ricardo Faucon, from Natura Cosmetics, has become President of the Board and his enthusiasm for biodiversity as a tool for growth as well as his perspective from Brazil, one of the world's most important emerging markets, will bring new insights to the role of Ethical BioTrade in the future.

In addition, UEBT expanded its membership base in 2011 with various leading companies from different stages of the supply chain. Weleda, one of the world's leading natural and organic cosmetics companies, became a full member of UEBT in October and in December, France-headquartered Laboratoires Expanscience became a full member. The experiences of both these members in the cosmetics and pharmaceutical markets, and their large supplier base, will help strengthen UEBT's future growth.



Trading Members in 2011

Aldivia	France
Aroma Forest	Madagascar
Beraca, Health & Personal Care Division	Brazil
Blue Sky Botantics	UK
Bio Oleos de Maxixe - BOM	Mozambique
Candela	Peru
Cusco Mara Eirl	Peru
Ecoflora	Colombia
Fundación Espavé	Colombia
Farmaverde	Colombia
Hersil SA, Division Linéa Natural	Peru
Hierbas Aromaticas de Sihuas Pachachin S.A (Hapssa)	Peru
Inversiones 2A	Peru
KAITE	Zimbabwe
Kuski	Peru
Labfarve	Colombia
Laboratoires Expanscience	France
Natura Cosmetics	Brazil
Novel Development Ghana Ltd	Ghana
Novel Development Tanzania Ltd	Tanzania
Organic Herb Trading Company	UK
Productos Alimentarios Misky SAC	Peru
Serdex – Bayer Santé Familial	France
Silab	France
Solabia Biotecnologia Ltda	Brazil
Sotramex	Madagascar
Swazi Indigenous Products	Swaziland
TreeCrops	Malawi
Vegeflora Extrações do Nordeste Ltda	Brazil
Villa Andina	Peru
Weleda	Switzerland

Affiliate Members in 2011

Alianza Natural	Colombia
Bio-Innovation Zimbabwe	Zimbabwe
BioTrade Uganda	Uganda
CORPEI	Ecuador
Cristiane Derani Consultoria Jurídica	Brazil
Fundación amigos de la naturaleza (Friends of Nature foundation-FAN)	Bolivia
Fondo Acción	Colombia
Fondo Biocomercio	Colombia
International Finance Corporation - IFC	USA
Iracambi	Brazil
IUCN (until November 2011)	Switzerland
L'Homme et l'Environnement	Madagascar
Native	Colombia
PhytoTrade Africa	Botswana
PI Ethics & Commerce	Switzerland
Promperu	Peru
ReddForests Ltd	Australia



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Promoting biodiversity awareness

“These results are an important tool for the achievement of the Global Biodiversity targets. During the United Nations Decade on Biodiversity, our number one priority will be to work to increase biodiversity awareness around the world. The Biodiversity Barometer will help us track our progress, as well as fine tune the messages to the realities of each region.” Ahmed Djoghlaif, Executive Secretary of the Convention on Biological Diversity

Celebrating ethical sourcing in the food sector

In 2011, the UEFT ran the Biodiversity Awards for the second time. These awards aim to illustrate the importance of biodiversity to the food industry and highlight examples of how ethical sourcing practices can be put in place in the sector. This year’s winners were recognised at a ceremony held in Paris as part of the FiE trade show in November.

Following the 2010 International Year of Biodiversity, the United Nations declared 2011 to 2020 the International Decade of Biodiversity in an attempt to further increase awareness. The United Nations’ Convention on Biological Diversity (CBD) also published its Strategic Plan covering the decade. In August 2011 UEFT signed a new Memorandum Of Understanding (MOU) with the CBD, in order to contribute to the implementation of this ten year plan. With this MOU, UEFT will work with the CBD to increase public awareness of biodiversity and promote the engagement of the business community in biodiversity protection.

One of the tools that the CBD will use to track and therefore build on awareness is the UEFT’s Biodiversity Barometer. This annual consumer awareness study was performed for the third time in 2011 and results show that awareness is rising.



Developments to UEBT's verification system

During 2011, UEBT expanded the scope of its verification system, in order to increase the positive environmental and social impacts that result from implementing Ethical BioTrade Principles and Criteria.

Broadening the scope

The major change to the system is that the Ethical BioTrade standard is now applicable to all natural ingredients used by a member rather than just ingredients from native biodiversity. While members still remain committed to promoting the trade in native biodiversity, UEBT and its stakeholders believed that by limiting the scope of the standard to native biodiversity, positive social and environmental impacts were being limited.

For many of our members, applying the Ethical BioTrade standard to the whole portfolio of their natural ingredients is a much more significant commitment. In recognition of this commitment UEBT has made some other important changes to the system. Trading Members will be asked to apply the standard on a step-by-step, risk-based approach, prioritising supply chains that will need to be addressed in the short term. In addition, the emphasis will be placed on the creation of a Biodiversity Management System. This will include the companies' procedures and tools that, when followed, ensure that biodiversity will be used in a way that promotes conservation, sustainable use and the equitable sharing of benefits.

Natural: For the purposes of the Ethical BioTrade standard natural is an ingredient that comes directly from plants or animals or that include plant or animal inputs, even if these inputs have been significantly processed.



Community Trading Grants

UEBT-member Swazi Indigenous Products (SIP) is working with rural women in Swaziland to produce marula oil for use in cosmetics products. The fruits of the marula tree are traditionally used to make beer although the seeds are also known for the high concentration of moisturising oils. SIP was awarded a Community Trading Grant, made possible through the support of UEBT's donor the Doen Foundation, to accelerate the implementation of Ethical BioTrade Principles and Criteria with these communities.



Figure 2: Marula nuts drying in the sun -
© Swazi Indigenous Product



Biocultural Community Protocol

A BCP is a tool, developed on the basis of a consultative process, through which indigenous or local communities outline their core cultural, ecological and spiritual values and customary laws. On the basis of these values, the community develops clear terms and conditions to regulate their interaction with government, organizations and companies. In 2011, UEBT worked with members in the Amazon area of Peru and Brazil and in Madagascar in order to explore how BCPs can help companies develop sourcing partnerships with their supplier communities that equitably reflect the needs of all those involved.

UEBT: Supporting the implementation of Ethical BioTrade practices worldwide

UEBT facilitates the implementation of Ethical BioTrade practices by supporting the work of its members around the globe. Much of this support takes the form of training and sharing knowledge on Ethical BioTrade and primarily takes place through specific externally funded projects.

Access and Benefit Sharing in the supply chain

In September 2011, UEBT worked with member Villa Andina to explore the company's practices on benefit sharing. Villa Andina is a Peruvian company whose main activity is the export of dried organic physalis (tomatillo). The aim of the project, which was supported by GIZ and SECO, was to increase awareness of benefit sharing, learn more about current practices, and assess the related challenges that UEBT members experience.

During the visit, UEBT interviewed Villa Andina staff, local partners and producers about their work with Villa Andina and how it has affected their daily lives. In addition, two training sessions on fair and equitable benefit sharing were organized. Based on these activities, UEBT will prepare a report detailing its findings and providing recommendations for Villa Andina to take forth in the context of its work plan as a member of UEBT.

Community Trading Grants

The work of a number of UEBT members has also benefited from support in the form of the Community Trading Grants. These grants aim to accelerate the implementation of Ethical BioTrade Principles when working directly with communities. Some examples of the projects that have been supported by the Community Trading Grants can be found throughout this document.



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Community Trading Grants

UEBT-member Inversiones 2A is a natural products company based in the Bombón plateau of the Peruvian Andes. It was founded in 1999 with the aim of promoting the sustainable development of the area and since 2004 has specialised in the production and transformation of products sourced from local biodiversity, such as yacón and maca, which it sells to the international market. I2A was awarded a Community Trading Grant made possible through the UEBT's donor the Doen Foundation. This has helped the company support its farmers produce maca and yacón of good, reliable quality in a way that respects the local environment.

Figure 4: Fresh collected Maca - © Inversiones 2A



Names of members are for example purposes only and do not represent an exhaustive list.



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Key figures

Key figures	2011	2010	2009
Total number of members	49	43	23
Trading Members	32	28	7
Affiliate Members	17	16	16
Approved Candidates	10	16	30
Turnover UEBT Trading			
Members (in billion EUR)	3.10	1.75	1.49
Number of UEBT qualified			
Verification Bodies	11	11	8
Number of auditors trained in			
UEBT Verification System	38	36	32
Number of UEBT audits	9	9	22
Visits of UEBT website	18,973	17,448	10,500
Membership satisfaction			
figures	85%	94%	82%

* Mainly attributable to one donor.
Amount was received in January 2012

** Grants from donors that have not yet
been spent

*** Grants spent during the financial year

UEBT three year financial review

For the year ending 31 December

UEBT balance sheet

Financial Year	2011	2010	2009
ASSETS	CHF	CHF	CHF
Cash and short-term bank deposits	57,238	108,426	323,787
Receivable grants and fees*	200,347	46,608	1,557
Prepaid expenses	3,463	8,175	9,990
Capital Assets	4,345	4,331	4,314
Fixed assets	9,610	14,920	18,320
Total	275,003	182,461	357,969

LIABILITIES AND FUNDS

Grants received**	132,279	-	277,065
Accounts payable	106,118	30,074	65,398
Commitments Community Trading Grants	79,888	187,955	-
Membership fees paid in advance	56,278	31,204	15,506
Accumulated reserves and balances	-99,560	-66,772	-
Total	275,003	182,461	357,969

UEBT income statement

Financial Year	2011	2010	2009
INCOME	CHF	CHF	CHF
Membership fees	75,959	69,999	65,329
Service fees - conferences & workshops	20,681	18,182	18,585
Sponsorships & consultancy fees	124,336	101,985	-
Grants***	532,823	989,152	1,012,239
Bank interests and other incomes	1,039	1,346	2,414
Total	754,839	1,180,664	1,098,567

EXPENSES

General Management, Finance and Administration	257,951	181,856	278,263
Governance	19,018	19,437	25,535
Outreach	116,641	395,933	372,624
Verification	71,794	286,686	279,131
Business support services	76,249	379,490	143,015
Technical assistance project expenses	230,007		
Total	771,660	1,263,402	1,098,567

Operational result

	-16,821	-82,738	
Balance donor grants	-	15,967	
Net movement for period	-16,821	-66,771	-

UEBT Board of directors 2011 & secretariat



UEBT Board of directors 2011

Ricardo Faucon (Natura Cosmetics S.A.) President
John Cheesmond (PhytoTrade Africa) Vice-President
Pierre Charlier de Chily (Aldivia) Treasurer
Gaston Vizcarra (Candela Peru)
Gustavo Urrea (Labfarve)
Thierry Cruchon (Silab) (until July 2011)
Nicolas Cock Duque (Nativa) (until December 2011)
Chris Buss (IUCN) (until December 2011)
Peter Andersen (Vegeflora Extrações do Nordeste Ltda)
Humberto Gomez (Fundación Amigos de la Naturaleza (FAN))

UEBT Secretariat

Geneva

Rik Kutsch Lojenga Executive Director
Maria Julia Oliva Senior Advisor on ABS
Katie Bird Communications Officer
Stéphanie Paquin-Jaloux Standard and Verification Officer

Brazil

Cristiane de Moraes Brazilian representative

Donors 2011:

In 2011 project funding came from:

- Doen Foundation
- International Finance Corporation (IFC) - Multi Donor BioTrade Trust Fund supported by the Governments of Denmark and the Netherlands
- International Union for Conservation of Nature (IUCN) - project supported by the Swiss State Secretariat for Economic Affairs (SECO)
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH with the financial support of Federal Ministry for Economic Cooperation and Development (BMZ)

External Legal Advisor:

Mr. Michael Rogers OBE

Finance & Accounting:

CR Gestion

External Auditors:

DAO Financial Experts SARL



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