

Sourcing with Respect

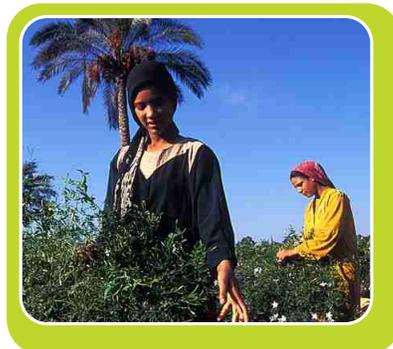
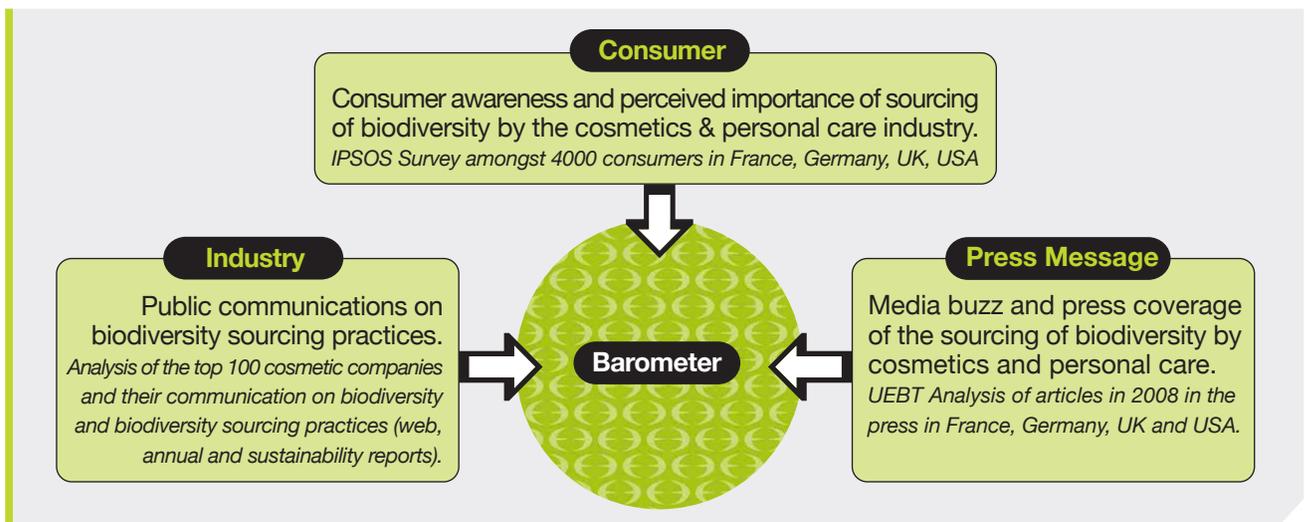
Why should we care about Biodiversity?

Biodiversity. The word conjures up images of Amazonian rainforests or exotic species in most people's minds. But what does it have to do with our daily lives? Doesn't it belong to the domain of scientists and environmentalists? What is biodiversity, *exactly*?

Biodiversity is the variety of life on Earth and the natural patterns it forms. The cosmetics and personal care industry is drawing more and more on biodiversity for its rich variety of native ingredients, and this affects not only the ecosystems where they are found, but the countries and people involved in bringing the resulting products to market.

Many have heard of biodiversity, but few truly understand the impact the beauty industry has on native ingredients and the fair distribution of benefits arising from their use. Such is the conclusion of a worldwide 'barometer' launched by the Union for Ethical BioTrade to gauge the level of awareness of biodiversity-related issues among the public, the beauty industry and the media.

In the lead up to the 2010 International Year of Biodiversity, the Union for Ethical BioTrade took an all-encompassing approach to the issue, looking not only at consumer awareness but also at how companies are communicating issues of biodiversity and ingredients sourcing, and how the press are reporting them. To monitor progress, the barometer will be updated and published on a yearly basis.

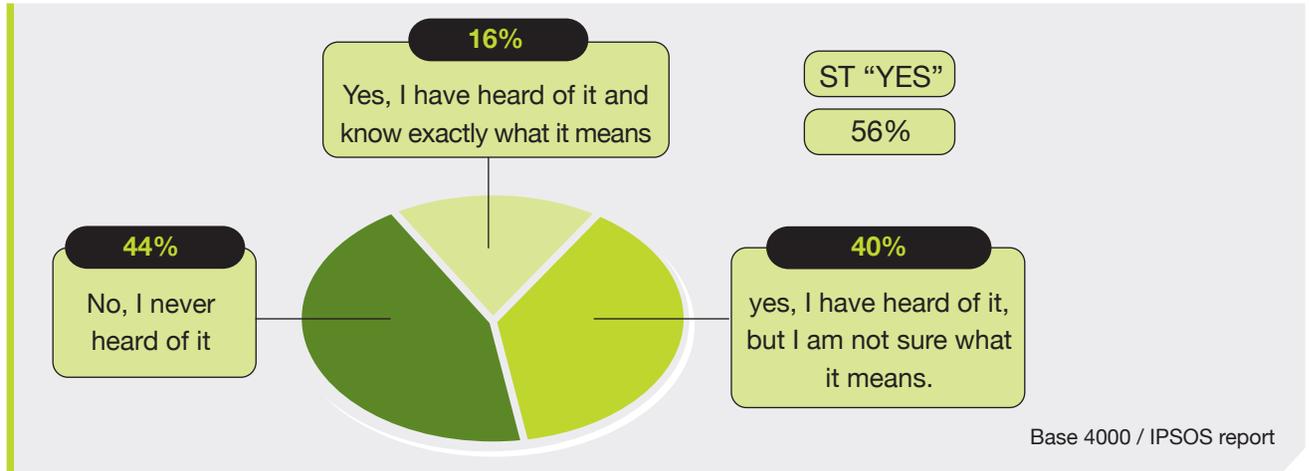


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Biodiversity in the public eye: A concept that is coming into focus

The Union for Ethical BioTrade commissioned IPSOS to conduct a survey of 4000 people in France, Germany, the UK and the USA to gauge their understanding of biodiversity and their perception of the role of personal care and cosmetics companies in protecting it.

Q1 – “Have you ever heard of biodiversity”?



Of those surveyed, 56% said they have heard of biodiversity; among these, nearly one third could define the term precisely and over one fifth could give an approximate definition. Although many confuse it with other notions such as organic farming and sustainable development, a true understanding of biodiversity is emerging among consumers.

Q3 – Have you ever heard about the following notions?

	Total sample ST YES %
Fair Trade	92
Deforestation	86
Sustainable development	77
Payment of fair prices to local populations in developing countries	74
Respect and protection of traditional knowledge of local populations	68
Equitable sharing of benefits of the use of biodiversity between the industries and developing countries	38
Conservation of biodiversity	37
United Nations Convention on Biological Diversity (CBD)	24

Base 4000 / IPSOS report

When asked if they had heard of concepts such as fair trade, deforestation and species loss, well over 85% of respondents said yes. Slightly fewer recognised the issues of sustainable development, fair payment to locals in developing countries and respect for traditional knowledge. But when it came to conservation of biodiversity and the equitable sharing of benefits between industry and developing countries, fewer than 40% of the people surveyed could claim knowledge of the issues. A mere 24% had heard of the landmark 1992 United Nations Convention on Biological Diversity (CBD).

Consumers want to know what they are buying

Respondents rated their level of confidence in the cosmetics and personal care sector to adopt ethical practices by answering several questions related to the ethical sourcing of biodiversity. Fewer than half of the respondents stated a general trust in the industry and, after being given a definition of ethical sourcing of biodiversity, only 32% believed that these companies engage in such practices.

Over 87% of consumers said they would favour ethically sourced products when shopping for cosmetics. On the flip side, a full 79% would boycott companies that disregarded environmental and ethical concerns. But a company that underwent independent verification of its sourcing practices could regain the trust of the majority of respondents.

One clear pattern emerged: the more educated consumers were about the issues, the more discerning they were in their shopping habits. Since over 85% of those polled want to be better informed about the issues, companies in this sector have a clear opportunity to respond to this demand – or risk losing customers.

Industry engagement in ethical sourcing

Is the cosmetics and personal care sector hearing the wake-up call for clear information? A review of the top 100 cosmetic companies and their communications about biodiversity and sourcing practices shows that little information is being shared.

Few of the top 100 cosmetics firms provided information on biodiversity-related issues, and what is available is quite limited. Only 44 companies reported on sustainability issues, while a mere 13 mentioned biodiversity. Just two firms reported on issues related to traditional knowledge and intellectual property rights. Only one of these two mentioned access and benefit sharing; that is, ensuring that there were mutually agreed terms for equitable benefit sharing with the source countries.

	Out of top 100 Companies	Out of top 20 Companies	
		Nb	%
Companies reporting on sustainability issues	44	18	90%
Companies mentioning biodiversity	13	9	45%
Companies reporting on biodiversity sourcing practices	9	8	40%
Companies mentioning explicitly biodiversity related issues such as traditional knowledge and intellectual property rights	2	2	10%
But only one company mentions the issue of access benefit sharing in its reporting	1	1	5%

Base: 100 - Union for Ethical BioTrade research conducted by internet: review of web-sites, annual reports and sustainability reports

It was, however, encouraging to note that the top 20 cosmetics and personal care companies made the strongest efforts to report on the topic, and it is hoped that this will set an example for other companies to follow.

Surprisingly, businesses that are committed to using natural and organic ingredients appear not to be taking the lead in ethical sourcing of biodiversity, judging by their public communications. This is despite evidence from the consumer survey showing that those respondents who buy these products are more receptive to information about these issues.

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The media: With greater understanding comes more scrutiny

How is biodiversity reported in the press? There is still a low level of media buzz about ethical sourcing by cosmetics and personal care companies, so it's not surprising that there is a lack of communication from the industry about the issues and only a budding awareness in the public. The Union for Ethical BioTrade commissioned a review of press coverage of biodiversity-related issues in France, Germany, the UK and the USA to see how the media have addressed the subject in recent months.

Total 4 countries	
Total articles mentioning issue related to:	
- Biodiversity	22 007
- Biodiversity & personal care	234
- Sourcing of biodiversity in the cosmetic and personal care	33
- Sourcing of biodiversity, access and benefit sharing and personal care	15

Base: 01/01/2008 to 31/12/2008 articles France, Germany, UK, USA /TNS/UEBT analysis

The analysis showed that, despite the fact that over 22,000 articles on biodiversity were written in 2008, only 234 of these were specific to the cosmetics and personal care sector. Articles that focused on ethical sourcing of biodiversity were even more rare. A mere 15 articles addressed issues related to ethics and access and benefit sharing, most of which were published in Germany, where the latest CBD conference took place in May 2008.

Of the articles that dealt specifically with ethical sourcing of biodiversity in the sector, over half were critical of the role of cosmetics and personal care companies (fewer than one third were positive) in producing goods derived from biodiversity. This means that, as the media and the information-hungry public become more informed, companies can expect to fall under an ever more critical gaze.

Meeting the rising demand

Despite high levels of awareness of biodiversity, few consumers understand the various issues regarding ethical sourcing in the cosmetics and personal care sector. Companies aren't putting out information about their existing practices, and the media aren't reporting on them.

But, like sustainable development and climate change, biodiversity is becoming a household term. As consumers' awareness of ethical sourcing is raised, so are their expectations of the products they select to bring into their homes.

As the 2010 International Year of Biodiversity approaches, the cosmetics and personal care sector needs to prepare for a surge of questions from the press and ultimately from consumers, who are looking to ways to act on their own ethics ... using their wallets.

It's a chance for the cosmetics industry to discover the real beauty of Sourcing with Respect.

- i. IPSOS survey of 4000 consumers in France, Germany, the UK and the USA. Commissioned by the Union for Ethical BioTrade, undertaken from 27 February to 4 March 2009 through on-line interviews.
- ii. Union for Ethical BioTrade research conducted by internet: review of web-sites, annual reports and sustainability reports.
- iii. Articles provided by TNS Media Intelligence. Analysed by the Union for Ethical BioTrade. Articles published in France, Germany, the UK and the USA published between January 1 and December 31, 2008.