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ETHICAL  
BIOTRADE

SOURCING<sup>®</sup>  
WITH RESPECT

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IKW "BEAUTY CARE"  
BEAUTIFUL.LIFE. EXPERTISE PARTNER IN IKW

# SOURCING WITH RESPECT FOR PEOPLE AND BIODIVERSITY

A factsheet for IKW member companies (beauty care) on ethical sourcing of natural raw materials for cosmetic products

## From commitment to action

Companies are increasingly recognising the extent to which their products and operations depend on biodiversity and are taking action to improve their impact on biodiversity along their supply chains. They take action not only because they see a strong business case for respecting biodiversity, but also because they know they want to contribute to addressing the biodiversity crisis the world is facing today.

Companies that wish to deepen their actions on biodiversity should first commit to sourcing with respect for biodiversity, and then start with concrete actions. Actions should focus on managing risks and eliminate harmful practices, as well as promoting positive impacts for biodiversity in sourcing areas.

## What is biodiversity

**Biodiversity is the variety of plants, animals, and other living creatures on Earth. Biodiversity is being lost at alarming rates – between 1,000 and 10,000 times faster than the natural extinction rate, owing to problems such as habitat destruction and climate change.**

## Why should my business focus on biodiversity?

- **Biodiversity is our source.** When thinking of impact on biodiversity, companies need to look at practices linked to the cultivation or wild collection of natural raw materials, including plants and other biological resources. These include a variety of botanicals but also commodities and derivatives.
- **Biodiversity is a consumer expectation.** There is growing consumer awareness of the importance of biodiversity and its protection. Companies have an opportunity to meet expectations of consumers by improving how they source ingredients from nature [Biodiversity Barometer](#).
- **Long term benefits exist when biodiversity is part of business strategy.** When biodiversity is integrated in company operations and supply chains, many benefits increase, including access to supply, reduced costs and better transparency into supply chains.

## Biodiversity is crucial to the business, and so must be integrated into the business

Biodiversity is the source for important ingredients in cosmetics and personal care. We have reached a level of habitat loss and species in danger of extinction where merely conserving biodiversity is not sufficient. The climate crisis and biodiversity loss together are pushing species to the brink. For example, the lack of pollinators and other beneficial insects for crops is caused by a changing climate, exposure to pesticides, invasive pests and more. As species are lost, what remains must be respected and protected.

**For companies, this means that to survive as a business, and to have access to natural raw materials for the long-term, biodiversity must be integrated into business operations, plans and strategies. This should be supported by top management in a company and integrated into all parts of the business, including procurement, finance and more. When this happens, companies can help to close the gap between the loss of nature and our demands from nature. For example, if ingredients are sourced from farming areas in various parts of the world, companies can make a commitment to source from producers or suppliers that are respecting biodiversity. Respect for biodiversity means practices that contribute to:**

- Biodiversity conservation in cultivation areas
- Crop genetic diversity
- Soil health
- Water conservation
- Minimization of synthetic agrochemicals
- Waste and contamination reduction
- Emission reduction



### Biodiversity regulation is on the rise...

The UN Post-2020 Global Biodiversity Framework constitutes the blueprint for action on biodiversity. It is negotiated under the **UN Convention on Biological Diversity (CBD)** and expected to be adopted in its upcoming conference in Kunming, China (August-September 2022). It sets out targets on issues such as protected areas, use of pesticides, sustainable collection of wild species, sustainable practices in agriculture, fair and equitable benefit sharing and business reporting on biodiversity dependencies and impacts. These targets are complemented by indicators that measure progress and promote accountability.

Business is already engaging in the process and raising its voice to advocate for ambitious targets on reversing nature loss and integrating biodiversity in broader policies. **Business for Nature** is an initiative bringing together hundreds of companies in a “Call to Action” to governments negotiating the Post-2020 Global Biodiversity Framework.

Another key framework is the **European Green Deal (2020)**. The Green Deal aims to make Europe the first climate-neutral continent. Most recently in November 2021 as part of the Green Deal, the European Commission proposed new rules on deforestation and waste and presented a new soil strategy.

Also relevant is the evolving legal framework linked to the **Nagoya Protocol**. More countries are adopting rules regulating how plants and other biological resources are used, not only for research and development, but also for broader trade and commercialisation.

At the national level, the **German Supply Chain Act** (Lieferkettensorgfaltspflichtengesetz) will enter in force in **January 2023**, with staggered dates for implementation, depending on company size. This law requires companies to assess and mitigate human rights risks and specified environmental risks in their own operations, the first tier of their supply chains, and, in certain circumstances, along their entire supply chains.

## Biodiversity as a key to securing supply chains

Sourcing with respect for biodiversity means that a company puts actions in place to help ensure long term access to the biodiversity on which product inputs and ingredients are based. There are additional benefits to ethical sourcing, including:

- Being able to access biodiversity for development of new products, as consumers continue to seek innovative and 'natural' ingredients.
- Having a better view into your supply chains all the way up to the field level where the collection or cultivation of the raw material takes place.
- Reducing costs and risks associated with lack of information or evidence on appropriate practices.
- Complying with evolving regulations, such as European due diligence legislation including the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz) and access and benefit sharing rules when applicable.

### Biodiversity – how to begin

Biodiversity is the source for important ingredients in fragrances, flavourings, cosmetics and many other sectors. Companies wishing to improve their sourcing of biodiversity can start making small improvements.

- 1 Take stock** Identify the key ingredients in your products and prioritize the ones you want to work on first.
- 2 Know** Learn where you are sourcing your ingredients from.
- 3 Review** Assess your current sourcing policies and practices.
- 4 Commit** Make a commitment to 'source with respect' (see box) for people and biodiversity.
- 5 Focus** Set time-bound and meaningful targets to improve – focus on both managing risks (for due diligence) for biodiversity and on promoting positive impact for biodiversity.
  - UEBT has a risk tool and database, and a supplier due diligence tool available for company use – UEBT can provide further support on this. Contact: [info@uebt.org](mailto:info@uebt.org)
- 6 Act** Work with partners, including local suppliers, to help define actions in priority supply chains and across your entire ingredient portfolio.
  - UEBT has many resources available to help you.
- 7 Monitor** Monitor your progress and adjust actions based on what you learn.

#### 'Source with respect' is defined through the UEBT Standard that ensures:

- Biodiversity conservation
- Sustainable use of biodiversity
- Fair and equitable sharing of benefits
- Socio-economic sustainability including contributions to local development
- Compliance with legislation
- Respect for the rights of workers and local communities
- Clarity about land tenure

**Link your work to local communities and derive benefits from these relationships:** One of the major benefits for companies that build strong partnerships with producers, with local suppliers or even with the local communities is that it reduces risks and secures the availability of the natural raw material in the quality that the company requires.

## On the ground: Biodiversity action plans

The Biodiversity Action Plan or BAP is a tested, effective approach to biodiversity regeneration for companies. A BAP is a company's own tailored design and adoption of practices that ensure the sustainable use and conservation of biodiversity when growing and sourcing ingredients from biodiversity. A BAP is ingredient-specific, relevant to local contexts and needs, and developed by or in partnership with farmers and workers. It is flexible and can be adapted to all types of supply chains. Any company can benefit from working on a BAP. Companies get:

- Tools to guide the identification of the most relevant biodiversity aspects to act upon for biodiversity regeneration.
- An approach to define specific actions for a supply chain that consider the actual needs, opportunities and resources available.
- A way to implement actions in different contexts, supply chains and production systems.
- A framework to give value to your biodiversity actions already in place.
- A way to monitor progress toward biodiversity impact.
- A way to share responsibilities within a supply chain depending on the complexity and the capacity of your suppliers, farmers or workers, and a way to build collaborations outside supply chains with existing initiatives.
- Alignment with biodiversity requirements from a recognised international sustainability standard.

To learn more about BAPs, write to [biodiversity@uebt.org](mailto:biodiversity@uebt.org)

## Biodiversity action in practice:

In the Balkans, companies working together on a Biodiversity Action Plan for Chamomile are **creating borders along farms with native vegetation**. They expect to see reduced cross-contamination and pollution from agrochemicals. More effective pest control, along with better soil quality, and higher climate adaptability through increasingly diverse Chamomile varieties should also lead to stabilized yields.



In West Africa, companies working on the sourcing of Hibiscus flowers are looking at native trees to function as barriers for seasonal, dry wind coming from the desert. The trees are useful in preventing soil degradation leading to desertification in the region. Re-planting these trees in and around the cultivation fields helps restore this function. Reforestation costs are offset by crop resilience due to improved soil. **Indigenous species are planted on farms to act as shade trees** and to protect soil from heavy wind and rain.



In South America, companies sourcing Rose hip for its oil are training workers that collect the wild plant to reduce waste while also collecting the plant parts in such a way so that the invasive Rose hip does not spread to other areas. Since the Rose hip is a valuable source of income for communities in areas that are not suitable for farming, these collectors are **compensated for their work to control and monitor the plant**. They are also taking the extra step to **regenerate vegetation** that has been competing with Rose hip, so that endemic flora can soon repopulate.





“With the staggering loss of biodiversity in recent years, and the UN post-2020 global biodiversity framework soon to be adopted, the time is now to integrate respect for people and biodiversity into sourcing of natural raw materials across as many supply chains as possible.”

*Rik Kutsch Lojenga, UEBT Executive Director and leading global expert on ethical sourcing of ingredients from biodiversity.*



## About this factsheet

This fact sheet has been written by UEBT and IKW-Department Beauty Care.



**UEBT** is a non-profit association that promotes sourcing with respect. We work to regenerate nature and secure a better future for people through ethical sourcing of ingredients from biodiversity. The organisation aims to contribute to a world in which all people and biodiversity thrive. UEBT sets good practices

for how companies and their suppliers source specialty ingredients for the beauty, food, natural pharmaceuticals, flavours & fragrances, herbs and spices sectors, among others. UEBT is internationally recognised for its work with companies on ethical sourcing of ingredients from biodiversity.



**IKW** is the German Cosmetic, Toiletry, Perfumery and Detergent Association. It is the industry and trade association of manufacturers and distributes of cosmetic, toiletry, perfumery, detergents and householder cleaning products. It has more than 440 members and these account for more than 95 percent the industry. All well-known big global players of the industry operating in Germany are members of IKW. In the area of Beauty Care about 350 companies are operating at present.

## ADDITIONAL RESOURCES YOU MAY FIND HELPFUL:

- [Fact sheet on biodiversity for cosmetics companies](#), created by the European Business and Biodiversity Campaign.
- [The Application of the “EU ABS Regulation”](#) on Compliance Measures regarding Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization” by Cosmetics Europe.

### Contact

For more information, contact UEBT at [info@uebt.org](mailto:info@uebt.org) or

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### Picture references

ROSE FLOWER AND CREAM PHOTO BY SILVIARITA FROM PIXABAY, PINK ROSE PHOTO BY POPPIE PACK ON UNSPLASH, CHAMOMILE PHOTO BY HANNA ALIKA ON UNSPLASH, HIBISCUS PHOTO BY JESSICA SLOAN ON UNSPLASH, ROSEHIP PHOTO BY LUBOŠ FELČÍK ON UNSPLASH, PHOTO RIK KUTSCH LOJENGA BY YANN ARTHUS BERTRAND.