



UNION FOR
ETHICAL
BIOTRADE

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WITH RESPECT

**GOV 26 - UEBT Ethical Sourcing System (ESS)
Certification Protocol
01-06-2019**

Union for Ethical BioTrade

THE UNION FOR ETHICAL BIOTRADE

The Union for Ethical BioTrade (UEBT) is a non-profit association that promotes sourcing with respect. We support and verify companies' commitments to innovation and sourcing that contribute to a world in which people and biodiversity thrive.

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1 Background

The Union for Ethical BioTrade (UEBT) is a non-profit association that promotes sourcing with respect. UEBT members commit to innovation and sourcing practices that contribute to a world in which people and biodiversity thrive. In particular, UEBT members establish an Ethical Sourcing System (ESS) that promotes the implementation of the practices defined in the Ethical BioTrade standard (UEBT STD01), both in their own operations and in their natural ingredient supply chains.

Ethical Sourcing System (ESS) is the set of policies and procedures that promotes innovation and sourcing practices for natural ingredients in line with the Ethical BioTrade standard.

Through its ESS certification program, UEBT certifies company sourcing systems that respect people and biodiversity. The ESS certification program allows UEBT to validate that they have ethical sourcing systems that are fully operational and that check the relevant sourcing and innovation practices against requirements in the Ethical BioTrade standard. For the different claims that are possible to be made in B2B and B2C communications for processing and final brand companies, please consult the UEBT claim policy.

This ESS Certification Protocol describes the conditions and obligations for UEBT ESS certification. It explains the parameters for UEBT member to define, implement and report on ESS certification. It also outlines the policies and procedures that must be part of an ESS, and the practices therefore required in the operations and supply chains of ESS certificate holders. Finally, the ESS Certification Protocol explains the process for becoming a UEBT ESS certificate holder.

2 Parameters for an Ethical Sourcing System (ESS)

An ESS Certificate Holder shall define the scope of the certified ESS and set the conditions for its implementation and communication.

2.1 Scope of ESS certification

ESS certificate holders shall clearly and transparently define, document and communicate the scope of their ESS certification – that is, which part of the business is covered by the certified ESS. The ESS certification scope may extend to the entire business or could be reduced to, for example, a specific business unit or product line. In particular, ESS certificate holders shall clearly define whether the ESS certification scope is the same as, or different from, the UEBT membership scope.

Within the company, business unit or product line within the scope of ESS certification, the certified ESS shall cover all business functions including sourcing, procurement, research and product development involving natural ingredients. The ESS shall cover all natural ingredients within the scope of the ESS certification.

- For the purposes of the ESS certification program, **natural ingredients** are defined as ingredients that come from plants or animals, or include plant or animal inputs in natural or processed state (e.g. fragrance and flavor mixtures, physically processed ingredients derived from plant, animal or microbial origin).
- For the purposes of the ESS certification program, derivatives are natural ingredients that have been chemically modified. For derivatives, simpler requirements apply.

2.2 ESS Ethical Sourcing Commitments

ESS certificate holders shall have formally adopted Ethical Sourcing Commitments. Ethical Sourcing Commitments are targets or levels of ambition for Ethical BioTrade practices linked to

the implementation of the certified ESS. Ethical Sourcing Commitments shall focus not only on compliance with but also continuous improvement of Ethical BioTrade practices. They should also be updated at least every five years.

Ethical Sourcing Commitments shall be credible, with sufficient resources made available to achieve them. These targets shall also be verifiable, public and reported upon annually (see §2.5). ESS audits will assess credibility, resources, and means of verification for Ethical Sourcing Commitments.

Box 1. Additional guidance on Ethical Sourcing Commitments

ESS certificate holders may define their own targets and levels of ambition, using their own corporate lexicon, as long as the commitments are commensurate to the scope of ESS certification. Commitments may define targets linked to outputs, such as the number of priority supply chains or volumes of ingredients covered by the certified ESS. Commitments may also – and preferably – refer to impact: for instance, number of beneficiaries (i.e. local actors involved in priority supply chains), or hectares of land on which biodiversity is sustainably used and conserved through Ethical BioTrade practices.

2.3 ESS documentation

ESS certificate holders shall document the certified ESS through written and formally approved policies, procedures, and other operational guidance. As a minimum, ESS documentation shall cover the following issues:

- Scope of ESS certification scope (§ 2.1)
- Ethical Sourcing Commitments (§ 2.2)
- Due diligence system on natural ingredients and derivatives for suppliers and supply chains (§ 4.1.1)
- Due diligence system on access and benefit sharing (ABS) (§ 4.1.2)
- Supply chain risk assessment (§ 4.2)
- Promotion of Ethical BioTrade practices in prioritized supply chains (§ 4.3)
- Verification system for Ethical BioTrade practices in priority supply chains (§ 4.3.3)
- Collection of UEBT monitoring and evaluation data for prioritized supply chains (§ 4.3.4)
- Traceability system (§ 4.4)
- Communication and marketing (§ 4.5)
- Complaints mechanism (§ 4.6)

2.4 ESS staffing

ESS certificate holders shall have formally assigned responsibilities for the implementation of the ESS. These responsibilities shall be included in the task descriptions of relevant staff. Staff shall have sufficient authority and resources to undertake their assigned ESS implementation tasks. There is no minimum number of staff to establish and implement the ESS, as one person can be responsible for the implementation of multiple ESS requirements.

ESS certificate holders shall have appointed an ESS Coordinator. The ESS Coordinator is responsible for the overall implementation of the certified ESS and acts as contact person for UEBT and qualified certification bodies. The ESS Coordinator shall have a good understanding and working knowledge of the UEBT Membership Conditions and Obligations for Trading Members (GOV 25), the ESS Protocol for Brands (GOV 26), and the UEBT Ethical Bio Trade

Standard (STD 01) and relevant field checklists. The ESS Coordinator will be formally approved by UEBT once this coordinator complies with UEBT requirements¹ for this position.

2.5 Public disclosure and reporting

The ESS certificate holder shall make the following information publicly available:

- Ethical Sourcing Commitments and progress towards meeting these commitments. This information must be included in the corporate sustainability reports (or equivalent).
- An explanation of UEBT ESS certification, based on the UEBT claims policy and previously approved by UEBT
- Brands within the scope of ESS certification
- Number and names of natural ingredients and derivatives within the scope of ESS certification
- Number and names of natural ingredients and related species in prioritized supply chains
- Number of prioritized supply chains
- Start and end date of the UEBT ESS certificate and name of the qualified certification body issuing the certificate

3 Ethical BioTrade practices in ESS certification

ESS certification requires adopting policies and procedures that promote and check Ethical BioTrade practices, both along the supply chains of the ESS certificate holder and its own operations. Required Ethical BioTrade practices are aligned with the Ethical BioTrade standard (see Box 2). Compliance with these requirements is assessed during external audits for ESS certification, conducted by qualified certification bodies.

Box 2. Principles and selected criteria in Ethical BioTrade standard

- Conservation of biodiversity, including through mitigation of negative impacts and enhancement of positive impacts in sourcing areas
- Sustainable use of biodiversity, including through good agricultural and wild harvesting practices, controlled use of agrochemicals and organic practices
- Fair and equitable benefit sharing, including through equitable prices, contribution to local development and compliance with rules and principles on access and benefit sharing (ABS)
- Socio-economic sustainability, including through traceability and quality controls
- Compliance with regulations, including international and national rules on endangered species, ABS, and the rights of indigenous peoples and local communities
- Respect for actors, including respect for human rights and adequate working conditions
- Clarity about land tenure, right of use and access to natural resources

3.1 Ethical BioTrade practices along supply chains

In the context of ESS certification, an ESS is required to cover four levels of Ethical BioTrade practices along supply chains:

- a. Derivatives:
 - *Entry indicators*: Minimum requirements linked to Ethical BioTrade are required for derivatives (§ 4.1.1).

¹ See more details about coordinator profile requirements on Annex 5

- b. Natural Ingredients:
- *Critical requirements:* Certain requirements are deemed essential to ethical sourcing (see critical indicators in the UEBT field checklist) and shall always be required and validated by the certified ESS.
 - *Threshold requirements:* Supply chains prioritized under the ESS (§ 4.3.2) shall comply with all critical requirements and at least 80% of the total requirements in the UEBT field checklist within three years of prioritization – or have compliance plans in place.
 - *Continuous improvement requirements:* ESS certificate holders shall commit to continuous improvement. Continuous improvement implies promoting good practices beyond threshold requirements (that is, improving practices related to critical indicators and complying with more than 80% of the indicators of the Ethical BioTrade standard). It may also involve good practices beyond the Ethical BioTrade standard, such as biodiversity restoration activities at a land-scape level or payment of living wages or living incomes.

3.2 Ethical BioTrade practices in the operations of the ESS certificate holder

Operations and processing facilities of the ESS certificate holder dealing with ingredients within the scope of ESS certification shall comply with the following Ethical BioTrade practices, as defined in the relevant principles, criteria and indicators of the Ethical BioTrade Standard:

- Avoiding negative environmental impacts (indicators 2.4.6 to 2.4.11)
- Having a quality system in place (indicators 4.3.1 to 4.3.3)
- Respecting human rights and adequate working conditions (indicators 6.1.3 and 6.3.1 to 6.3.6)
- Having a financial system in place (indicators 4.1.1 to 4.1.3)
- Complying with national and international legislation (criteria 5.1 to 5.3)
- Complying with entry indicators (indicators 1.2.1, 2.4.2, 6.1.1, 6.1.2 and 6.1.4)

Box 3. Additional guidance on requirements for ESS certificate holder operations

- These requirements apply at the level of the ESS Certificate Holder, not the supply chains.
- Other certifications (e.g. ISO 9000, ISO 14000, SMETA audits, and audited accounts) are accepted as proof of compliance.
- If no such evidence is available, these requirements shall be audited during the ESS certification audits.

4 ESS policies and procedures

In a certified ESS, policies and procedures shall ensure traceability in the sourcing of natural ingredients and derivatives, gather information on Ethical BioTrade practices, assess related risks, and – for selected supply chains – actively promote Ethical BioTrade practices. This section of the ESS Certification Protocol for Brands outlines requirements for ESS policies and procedures.

4.1 Due diligence system

Due diligence refers to the process of gathering, in a systematic way, information that enables ESS certificate holders to understand conditions along the supply chain of natural ingredients and derivatives, identify risks and promote Ethical BioTrade practices. The ESS certificate holder shall, as part its ESS policies and procedures, have a due diligence system for sourcing natural ingredients and derivatives with respect of people and biodiversity. The due diligence system

should allow ESS certificate holders to identify and address gaps or other problems in supplier or supply chain practices in relation to the Ethical BioTrade Standard, including specifically on ABS.

4.1.1 Due diligence on Ethical BioTrade practices

The ESS shall include a due diligence system for sourcing of natural ingredients with respect for people and biodiversity, with reduced due diligence requirements for derivatives. The questionnaires part of the due diligence system will be assessed by the certification bodies during the external audits following the guidance presented in the Annex 4.

Due diligence on natural ingredients

For natural ingredients, the following due diligence obligations apply:

- The due diligence system shall gather and assess information on critical requirements for ESS certification (see §3.1). The due diligence system shall gather information along the supply chain, including first-tier suppliers, sub-suppliers and collectors or farmers in sourcing areas.
- The due diligence system shall include assessment of suppliers and supply chains through tools such as supplier questionnaires, review of reliability of self-assessments, additional verification in case of identification of high-risk circumstances, and follow-up actions in case of non-compliance. Assessment criteria related to UEBT Ethical BioTrade practices are normally integrated in the supplier assessment system of the UEBT member. For example, critical requirements on Ethical BioTrade practices are integrated in the UEBT Supplier Self-Assessment Questionnaire and the UEBT Supplier Web Platform, which were developed by UEBT for use by its members. Nevertheless, ESS certificate holders may deploy other, comparable systems if desired².

The due diligence system on natural ingredients shall have clear policies and procedures, covering as a minimum:

- Definition of functional responsibilities (e.g. the evaluation of assessments, approval of the supplier and natural ingredients supply chains)
- Review of reliability of the assessment and conflict of interest
- Scoring, corrective actions, monitoring of compliance
- Supplier approval procedure – all UEBT entry indicators and at least 80% of the critical requirements (see §3.1) shall be met in order to approve suppliers.
- Approval of exceptions (see Box 4)
- Periodic review of due diligence findings (at least every 5 years)

² The ESS certificate holder shall send evidence to UEBT that its due diligence system meets UEBT's critical requirements. UEBT will assess this evidence and formally approve the system.

Box 4. Exceptions in the due diligence system

UEBT does not need to approve exceptions made as part of the due diligence system, within certain parameters. ESS certification allows, for spot purchases not covered by the certified ESS to be made in exceptional circumstances, such as raw material shortage due to poor harvests in covered supply chains. All other exceptions shall be approved by UEBT. In particular, approval from UEBT shall be necessary for exceptions covering more than 5% of the volume of natural ingredients and derivatives covered by the certified ESS or for recurrent exceptions. The list of exceptions, together with their justification, shall be reviewed during ESS audits.

Due diligence on derivatives

For derivatives, which for the purposes of ESS Certification are defined as natural ingredients that have been chemically modified, reduced due diligence obligations apply, namely:

- The due diligence system may assess derivatives against the UEBT entry indicators (see Box 5), rather than against ESS certification critical requirements.
- The due diligence system shall include evidence such as supplier declaration of non-violation of the UEBT entry indicators, or supplier questionnaires, or ESS certificate holder assessment, based on suppliers' public reliable information provided³.

Box 5. UEBT entry indicators

1. No conversion of pristine ecosystems.
2. No use agrochemicals prohibited by the Stockholm Convention on Persistent Organic Pollutants (POP); that correspond to the categories I and II of the WHO; that are listed in the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade; or which are prohibited in the respective countries where the operations are performed.
3. Respect for human rights.
4. Respect of the ILO Minimum Age Convention (138) and the convention on the elimination of the Worst Forms of Child Labour (182).
5. Avoidance of immoral transactions in their business operations according to the UN Convention against Transnational Organized Crime, Protocol on Trafficking and Smuggling, OECD Guidelines for Multinational Enterprises and the UN Convention on Contracts for the Sale of Goods

Additionally, ESS certificate holders shall adopt policies for the following categories of derivatives within the scope of ESS certification:

Policy to ensure that palm oil derivatives are RSPO certified or equivalent (minimum: mass balance)

Policy on not genetically modified organisms

Other policies to capture responsible sourcing practices for natural ingredients may be relevant and are recommended, such as a policy stating a preference of buying responsibly sourced derivatives if available on market.

³ Public information provided by these companies shall be good and clear enough to ensure that such public information is reliable to be used by the due diligence system for derivatives as proof of compliance with relevant requirements.

Due diligence: Level of compliance required

ESS certification requires that:

- 100% of the annual volume of natural ingredients and derivatives under the scope of ESS certification be assessed through the due diligence systems
- 95% of the annual volume of the natural ingredients and derivatives under the scope of ESS certification be approved through the due diligence systems. 1 year compliance plans shall be in place for non-approved ingredients, which shall represent no more than 5% of the annual volume of the natural ingredients or derivatives. The 5% rule applies to each category (natural ingredients and derivatives) individually.
- Specific exceptions may be granted by the ESS coordinator to forego the due diligence system (e.g. in the case of incidental spot purchases), only if the following conditions apply:
 - A list with all exceptions granted (including ingredients, volumes and rationale) shall be maintained for at least five years.
 - The volume purchased under these exceptions shall be included in the 5% annual volume of non-approved natural ingredients or derivatives (see above).

4.1.2 *Due diligence on Access and Benefit Sharing (ABS)*

The due diligence system shall cover the compliance with legal requirements on ABS for natural ingredients and derivatives that fall within the scope of ESS certification. The due diligence system shall assess the applicability of laws, regulations and best practices on ABS to the operations of the ESS certificate holder and its suppliers. It shall also foresee measures to avoid non-compliance with such laws, regulations and best practices.

In particular, the ESS shall:

- Identify critical control points for ABS, defined as points or stages where natural ingredients and derivatives enter the UEBT member companies' research, development, production or commercialization processes and may create liability under ABS laws, regulations or best practices;
- Assess, at the critical control points for ABS, whether ABS laws or regulations apply to the acquisition or use of the natural ingredients and derivatives, conducted by the ESS certificate holder or its suppliers;
- If no ABS laws or regulations apply, assess whether R&D activities, as defined by the Ethical BioTrade standard, have been undertaken by the ESS certificate holder or its suppliers after 12 October 2014, and require compliance with criteria 3.6 and 3.7 of the Ethical BioTrade standard; and
- Ensure that measures are taken, at critical control points for ABS, to avoid non-compliance with applicable ABS laws, regulations or best practices. Any natural ingredient on which active

Box 6. Additional guidance on ABS

When countries have adopted laws and regulations on ABS, the applicability of requirements is assessed based on the relevant provisions and definitions in these documents.

When countries have not adopted ABS laws or regulations, voluntary ABS measures should be taken when R&D on the natural ingredient has been undertaken. In this case, R&D is defined as a series of analyses, tests and other investigative activities conducted with the intention of identifying new and useful properties of the plant/animal parts and/or plant/animal extracts, when such findings can be deemed to be novel, involve an inventive step and be subject to industrial application. To facilitate ESS compliance, UEBT makes available a country list with ABS laws and regulations, as well as flowcharts for common ABS control points.

communication takes place shall have been assessed under the due diligence system on ABS and (1) present no risk of non-compliance; or (2) be covered by a compliance plan.

4.2 Ethical BioTrade risk assessments

The ESS shall assure that risk assessments are conducted for the natural ingredient and derivatives supply chains under the ESS certification scope. At a minimum, the assessment shall include risks in the following areas:

- Conservation and sustainable use of biodiversity
- Human rights, working conditions, and rights of indigenous peoples and local communities involved in supply chain activities
- Non-compliance with applicable legal frameworks (e.g. CITES, ABS and other local laws)
- Traceability and mixing with un-desired ingredients
- Track-record of previous sustainability verifications and/or certifications in place

Other risk areas that may include volume and strategic value of the natural ingredient and risks related to the country of collection or cultivation.

The ESS certificate holder shall categorize risks in natural ingredient supply chains in at least three levels (high, medium, low), and adopt appropriate measures to address them. The Certificate Holder may develop their own risk assessment system and categorization, nevertheless any identified risk of non-compliance with UEBT entry indicators and/or human rights shall categorize the assessed supply chain as a high risk supply chain. High risks supply chains shall be prioritized and supply chains shall be monitored until the acceptable risks levels have been attained.

Risk assessments shall be reviewed and updated at least every three years. Risk assessment results and measures shall be documented.

4.3 Promoting Ethical BioTrade practices

The ESS shall prioritize certain natural ingredient supply chains, in which Ethical BioTrade practices are actively promoted, supported and monitored.

4.3.1 *Prioritization of supply chains*

The ESS certificate holder shall prioritize supply chains for promoting Ethical BioTrade practices. A procedure shall be in place for such prioritization, with documentation of the criteria used to prioritize supply chains. This procedure shall be verified during the ESS audit.

Supply chains linked to natural ingredients shall always be prioritized if they meet any of the following two conditions:

- Supply chains identified as high risk by the Ethical BioTrade risk assessment
- Supply chains involve natural ingredient on which active communication takes place

The ESS certificate holder may prioritize additional supply chains, based on other strategic factors, including:

- Strategic importance for the UEBT member, in terms of considerations such as volumes used, brand value, scarcity, reliance on single supplier or client demands.
- Possible impact to be achieved in sourcing areas, either through mitigating negative impact or promoting positive social or biodiversity impacts.

An updated list of prioritized supply chains shall be maintained. Prioritization shall be reviewed every 3 years. As part of their commitment to continuous improvement, ESS certificate holders

shall aim to prioritize an increasing number of supply chains over time. This commitment should be reflected in the ESS.

Supply chains may be deprioritized. This may be the case, for instance, if the risk level is reduced, active communication is ceased, or strategic priorities change. Changes in prioritized supply chains, including the decision, rationale and dates, shall be duly documented.

4.3.2 Ethical BioTrade Practices in prioritized supply chains

The ESS Certificate Holder shall adopt a policy to actively promote, support and monitor Ethical BioTrade practices in prioritized supply chains.

Ethical BioTrade practices may be promoted in various ways, including:

- Encourage suppliers to improve sourcing practices through long-term agreements or paying higher prices to cover additional costs associated to implementing Ethical BioTrade practices
- Support suppliers to improve sourcing practices through measures such as training, technical support, materials, equipment and social, conservation or restoration projects
- Promote or prefer UEBT or equivalent certifications for natural ingredient supply chains

Prioritized natural ingredient supply chains shall comply with threshold requirements for Ethical BioTrade practices (§ 3.1) within three years of their prioritization – or have compliance plans in place. ESS policies shall also promote that prioritized supply chains comply with continuous improvement requirements. The ESS Certificate Holder shall document the following information:

- Supply chains that are prioritized
- Actions taken to promote Ethical BioTrade practices in each prioritized supply chain
- Evidence of actions taken to promote Ethical BioTrade practices
- Findings, in terms of level of compliance, of verification of prioritized supply chains (see § 4.3.3).

4.3.3 Verification of prioritized supply chains

The ESS shall verify all prioritized natural ingredient supply chains against the Ethical BioTrade standard or equivalent standards. That is, the ESS must include procedures for checking that prioritized natural ingredient supply chains meet requirements for Ethical BioTrade practices. Such verification is different than certification (see Box 7), as it may be based on internal or external audits and conducted by either qualified staff of the ESS certificate holder or by external auditors. Verification of prioritized natural ingredient supply chains shall cover the

Box 7. Certification versus verification

Certification refers to processes to demonstrate the compliance of supply chains specific standards, following third-party audits. For example, the UEBT natural ingredient certification program, through the UEBT IMS protocol, defines rules for Ethical BioTrade certification of natural ingredients, specifying frequency of audits, sampling rules, certification thresholds, auditor qualifications, etc.

In ESS certification, verification refers to procedures within the ESS that check, through internal or external audits, whether prioritized supply chain comply with requirements for Ethical BioTrade practices. The UEBT ESS protocol defines the rules for internal procedures that govern such verification, which are less stringent than those for certification. As a result, verification does not allow for the same claims than certification. For more guidance on communications, please revise the UEBT claim policy

entire supply chain, including the relevant sourcing areas.⁴ Additional requirements apply to supply chains for natural ingredient on which active communication is made (see below).

ESS certificate holders may use the Ethical BioTrade standard, as well as the UEBT field checklist and scoring for its verification audits. ESS certificate holders may also choose to use their own internal standards or adopt external standards that are equivalent to, or exceed, the Ethical BioTrade standard. In this case, the ESS Certificate Holder shall present an overview of how selected standards address the requirements of the Ethical BioTrade standard for prior UEBT review and approval. The use of company field checklists for verification audits is allowed after equivalence with the UEBT Ethical BioTrade standard is demonstrated and formally approved by UEBT.⁵

ESS certificate holders shall adopt a supply chain verification procedure that defines, at a minimum, the following elements:

- Frequency of verification audits
- Who is qualified to conduct verification audits⁶
- Checklist and scoring method for verification audits
- Quality check and approval of the verification audit reports
- Reporting modalities (formats, time-lines)
- Corrective action requirements for non-conformities identified in verification audits
- Audit planning

Verification audits shall normally be conducted every three years. In cases for low-risk natural ingredient supply chains (see § 4.2), verification audits may be conducted up to every six years.

ESS certificate holders shall adopt a plan for verification audits and ensure sufficient resources are available for such audits and follow-up actions, including qualified auditors, on-site visits, and monitoring. Internal or external persons conducting verification audits shall have been adequately trained.

ESS certificate holders shall keep a list of all verification audits conducted, the reports of such audits, and the measures taken to address non-conformities or improvements. Audit reports shall be stored for at least five years. The audit reports part of the field verification system will be assessed by the certification bodies during the external audits following the guidance presented in the Annex 4.

Natural ingredient supply chains with active consumer communication

As prioritized supply chains, supply chains for natural ingredient on which active communication takes place shall have been verified according to this ESS protocol. The following requirements apply for the verification of supply chains for natural ingredients on which active communication takes place:

⁴ On-site supply chains audits may be replaced by desktop audits if suppliers can provide reliable evidence of compliance with the UEBT Ethical BioTrade standard, for example through verification or certification reports issued by UEBT or other credible standard systems. The supply chain verification procedure shall clearly establish the parameters under which the UEBT member may use desktop verification.

⁵ Equivalence of company checklists need to be approved by the UEBT certification committee. The company shall complete the UEBT equivalence excel sheet, and present a written report justifying how the company checklist addresses the requirements of the UEBT Ethical BioTrade standard, field checklist and scoring.

⁶ See profile of monitoring personnel in Annex 6

- 100% of the annual volume of the natural ingredient must have been verified and found in compliance with the critical requirements and the threshold requirements for Ethical BioTrade practices.
- The ESS Coordinator may grant exceptions allowing non-verified or non-compliant natural ingredients for a maximum of 20% of the total volume of those natural ingredients used within the scope of ESS certification.
 - Non-compliant natural ingredients are allowed only if there is at least compliance with UEBT critical requirements or a compliance plan is in place to reach compliance with threshold requirements for a maximum period of 3 years.
 - Non-verified natural ingredients are allowed only if the natural ingredients are assessed, approved by the ESS natural ingredient due diligence system (see § 4.1.1) and identified as 'low risk' by the ethical BioTrade risk assessment (see § 4.2)
 - The maximum volume of exception (20%) on non-verified or non-compliant natural ingredients with active consumer communication shall be included in the calculation of the volume of natural ingredients exempted from due diligence assessments (max 5 % - see § 4.1.1) .

The ESS certificate holder shall keep a list of exceptions and the natural ingredients and volumes concerned as part of the ESS.

4.3.4 Monitoring and evaluation of prioritized supply chains

The ESS certificate holder must adopt policies and procedures for the monitoring and evaluation (M&E) of prioritized supply chains. In the context of ESS certification, M&E is a system to measure the reach and scale of the verification process, assess progress in the implementation of Ethical BioTrade practices in verified supply chains and their potential impact in sourcing areas.

This requirement is regular and the ESS certificate holder might be allowed– upon request - a time frame of three years for setting up a monitoring and evaluation system that covers the scope and the type of information required in this protocol and related checklist.

For the reach and scale, the data defined by UEBT shall be collected and updated for prioritised supply chains when verification audits are conducted. Data are collected per ingredient supply chain and country (Annex 3).

The ESS shall include tools to ensure relevant data are collected by suppliers and received by the ESS certificate holders. Moreover, procedures shall be in place to check the accuracy of the information. The data shall be submitted to UEBT on an annual basis, according to UEBT M&E procedures (Annex 3).

Periodic studies shall be conducted to assess the progress in the implementation of Ethical BioTrade practices along the verified supply chain and impacts on socio-economic and biodiversity conditions in the sourcing areas. At least one study must be conducted every three years and include one or more of the verified supply chains (Annex 3). Completed studies shall be shared with UEBT and will be used to further improve the Ethical BioTrade standard.

M&E data shared with UEBT shall only be made public by UEBT with prior approval of the ESS certificate holder and in line with UEBT M&E confidentiality conditions that, among other, require to use information in an anonymised and aggregated level.

4.4 Traceability

In the context of ESS certification, traceability refers to the process of identifying and tracing the supply chain for natural ingredients, up to the sourcing area. ESS policies should aspire to, over time, assure supply chain traceability for the entire natural ingredient portfolio. The ESS may establish different or reduced traceability requirements for derivatives.

4.4.1 Traceability within the facilities of the ESS certificate holder

The ESS Certificate Holder shall have a traceability system in place covering its own operations within natural ingredient supply chains under the scope of ESS certification. This internal traceability system shall include the following requirements:

- An overview of the traceability system
- Designation of the person responsible for the traceability system
- Supply chain traceability requirements, including segregation level for prioritized natural ingredient supply chains. For derivatives, mass balance is acceptable.
- Protocols to assess compliance with these requirements
- Product identification system (coding system)

4.4.2 Prioritized supply chains with active communication

For prioritized natural ingredient supply chains with active communication, the ESS certificate holder shall assure traceability up to the sourcing area. The ESS certificate holder shall hold up-to-date traceability information for these supply chains, including the following evidence:

- Summary of the annual balance of the natural ingredient movement (e.g. purchases, volumes used in production and stock)
- Purchase documents related to natural ingredients and records of volumes used
- Traceability of natural ingredients along the supply chain (i.e. at a minimum, each supply chain actor should have a verified traceability system in place up to its supplier).

4.5 Communication and marketing

To ensure its credibility, ESS certification requires systems are in place to manage active communication to clients on natural ingredients and supply chains in the scope of ESS certification.

For the purpose of ESS certification, **active client communication** includes:

- Specific references to natural ingredients in the scope of ESS certification in product or corporate marketing, including using the names of natural ingredients in product names (e.g. Chamomile Shampoo), calling out natural ingredient in final product labelling or packaging - except mention of the ingredient list (e.g. Hydrating Shampoo, with Chamomile Extract), or referring to natural ingredients for storytelling in other consumer communications (advertisements, web-site, magazines).
- Claims on Ethical BioTrade practices or impacts in the natural ingredient supply chains in the scope of ESS certification, including using labels, text statements or other references to ESS certification in product packaging or other product-related consumer communication (e.g. Our chamomile is grown in Croatia and contributes to local well-being of man and nature).⁷

⁷ Additional claims may be possible if ingredients are certified by UEBT. In these cases, the UEBT IMS protocol and claims policy apply.

The ESS certificate holder shall only conduct active consumer communication on natural ingredients in the scope of ESS certification if the relevant supply chains have been verified and minimum compliance levels have been achieved (see § 4.3.3).

The ESS certificate holder shall only make claims on ESS certification linked to specific products if all natural ingredients used in these products are included in the ESS certification scope.

ESS certificate holders shall adopt internal policies and procedures on communication and marketing around ethical sourcing of biodiversity. These policies and procedures shall ensure that:

- Communication and marketing on natural ingredients in the scope of ESS certification only takes place in compliance with ESS requirements
- Communication and marketing claims on issues covered by the Ethical BioTrade standard are aligned with the outcomes of the verification audits and conditions in the sourcing area
- UEBT claims policies are followed

4.6 Complaints Mechanism

A complaints mechanism allows different stakeholders to register dissatisfaction or disagreement with policies or practices related to the scope of the ESS certification.

To uphold the integrity of the ESS certification program, UEBT requires that ESS certificate holders maintain complaints mechanisms that address complaints submitted by any stakeholder (e.g. suppliers, local communities, consumers, NGOs) affected by the ESS certification program. The complaints mechanisms shall also identify which actions must be undertaken by certificate holder to address relevant complaints.

ESS certification does not require a specific complaints mechanism to be set up. Existing complaints mechanisms may be used, as long as they can easily be identified by stakeholders and are equipped to address ESS-related claims.

5 ESS certification process

5.1 ESS certification audits

ESS certification is granted based on external certification audits, conducted by qualified certification bodies, in consultation with UEBT, to assess compliance with the ESS certification requirements.

- In the context of ESS certification, **qualified certification bodies** to conduct ESS audits shall comply with PRO01 “Requirements and Obligations of Qualified Verification Bodies” and PRO24 “Independent Verification of UEBT Trading Members”.

Audits shall be conducted by a combination of UEBT and qualified certification bodies:

- UEBT shall assess the content of company policies and procedures against the ESS protocol, including on due diligence on ABS, prior to the initial ESS certification
- Qualified certification bodies contracted by the UEBT member shall assess the ESS through external audits. External audits shall focus on the existence and correct implementation of the required ESS policies and procedures.

Certification audits shall be conducted as follows:

- UEBT shall assess the content of ESS policies and procedures prior the initial ESS certification. Major changes shall be communicated to UEBT annually, one month before the recertification audit or expiry of the certificate.
- External audits to assess the ESS protocol requirements shall be carried out annually during the three (3) first years of ESS certification. After this period, external audits may be carried out every two (2) years, provided that the system operates successfully, no major non-conformities have been detected in the latest audit, and no significant risks exists.
- In years in which no certification audit is conducted, the ESS certificate holder shall report on ESS implementation to UEBT.

Membership audits

- If the ESS certification scope is the same as the UEBT membership scope, ESS audits will substitute UEBT membership audits.
- If the ESS certification scope differs from the UEBT membership scope, UEBT members may decide to have their membership audit alongside the ESS certification audit to reduce costs.

5.2 ESS certification decision

UEBT shall take a certification decision based on its own assessment of the ESS policies and procedures, and a certification recommendation from a certification body.

5.2.1 *UEBT assessment*

UEBT shall assess the policies and procedures of the ESS certification applicant prior to each audit and communicate its finding to the certification body.

5.2.2 *Certification body certification recommendation*

To be eligible for certification, the UEBT Member shall be compliant with all critical control points of the ESS certification checklist. Regular control points with which there is non-conformity shall be addressed by the time of the subsequent audit.

To recommend (re)certification, the certification body shall have granted the applicant the minimum score required for certification, or have approved a plan for completing the corrective measures.

The certification body shall submit a written recommendation for certification to UEBT, together with the final audit report and relevant supporting documentation. Prior to sending it to UEBT, the certification body shall have had the recommendation internally validated, as per their own procedures.

The certification body shall also put forward to UEBT recommendations for suspension of the ESS certificate of a UEBT Member, in case that there is proven evidence of serious non-conformity, breach of contract, breach of trust or other situations that require immediate suspension of the certificate. In this case, the recommendation must be submitted as soon as the above is confirmed.

5.2.3 *UEBT certification decision*

The UEBT Certification Committee shall take a certification decision after review of the audit process and based on the recommendation of the certification body. A certification decision shall be taken by UEBT within 2 weeks of the receipt of the recommendation by the certification body. UEBT shall submit the certification letter, the UEBT Certificate, and all other relevant information to the UEBT Member.

UEBT can only take a positive decision if the certification body issues a positive recommendation.

5.3 ESS certificate

The UEBT Secretariat issues the ESS certificate on an annual basis, provided the following conditions are complied with:

- Positive certification decision has been taken by UEBT
- ESS certificate holder complies with the UEBT membership conditions and obligations
- ESS certification fees have been paid
- UEBT claims policy has been respected

Certificates are valid for one (1) year, and shall be used in accordance with the UEBT claims policy.

Certificates shall hold the following information:

- A certificate number
- Name and address of the certificate holder
- Scope of ESS certification
- Applicable standard(s) for the certification
- Claims policy applicable to the certification
- Certification decision (date, and basic related audit details)
- Start and expiry date of the certification

The information on the certificate will be made public on the UEBT website.

5.4 Communication with UEBT

The ESS Certificate Holder is expected to have a fluid communication with UEBT. The ESS coordinator of the Certificate Holder is the point of contact for UEBT on all ESS matters.

The ESS protocol stipulates the various moments at which communication with UEBT is required, including:

- Approval of equivalence of standards
- Request for exceptions
- Coordination of External verifications
- Approval of claims.

The ESS Certificate Holder is required to keep information up to date in the UEBT ESS Certification portal (being developed by UEBT), including at minimum:

- Name of all ESS related staff (e.g. ESS coordinator, Internal auditors etc)
- List of priority supply chains
- List of priority supply chains with active consumer communication
- Dates and (aggregate) results of verification visits.

Annex 1. Reference to UEBT documents

UEBT STD01	- Ethical BioTrade Standard
UEBT GOV25	- Membership Conditions and Obligations for Trading Members
UEBT POL X	- Claims Policy
UEBT PRO01	- Requirements and Obligations of Qualified Verification Bodies
UEBT PRO24	- Independent Verification of UEBT Trading Members

Annex 2. Terms and definitions

Access and benefit sharing (ABS): Laws, regulations and best practices, based on the Convention on Biological Diversity (CBD) and the Nagoya Protocol, that regulate access to biological material for research, product development or commercialization and the fair and equitable sharing of benefits arising out of these activities.

Brand: For the purpose of ESS certification, it is the UEBT member selling goods bought and used by consumers, rather than by other companies for producing other goods.

Derivatives: Natural ingredients that have been chemically modified.

Due diligence: The process of gathering, in a systematic way, information that enables ESS certificate holders to understand conditions along the supply chain of natural ingredients, identify risks and promote Ethical BioTrade practices.

Ethical Sourcing Commitments: Formal targets or commitments of a UEBT Trading Member that clearly define the level of ambition regarding the sourcing with respect for people and biodiversity.

Ethical Sourcing System (ESS): Set of policies and procedures that promote innovation and sourcing practices for natural ingredients in line with the Ethical BioTrade standard.

ESS critical requirements: Requirements deemed essential to ethical sourcing that shall always be required and validated by the certified ESS.

ESS threshold requirements: Additional requirements (at least 80% of the total requirements in the UEBT field checklist) that shall be complied with for ESS certification.

ESS continuous improvement: Continuous improvement requires promoting good practices beyond threshold requirements or even the Ethical BioTrade standard.

Field Checklist: In the context of ESS certification, the UEBT field checklist enumerates the verifiers that apply to the supply chains covered under the UEBT ESS Certification Program. The verifiers are based on the requirements of the Ethical BioTrade standard.

Monitoring and evaluation (M&E): In the context of ESS certification, M&E refers to the process to measure and improve progress on Ethical BioTrade practices in prioritized supply chains and monitor the potential impact Ethical BioTrade practices in sourcing areas.

Natural ingredients: ingredients that come from plants or animals or include plant or animal inputs in natural or processed state (e.g. fragrance and flavour mixtures, physically processed ingredients derived from plant, animal or microbial origin).

Qualified certification bodies: In the context of ESS certification, certification bodies are qualified to conduct ESS audits if they comply with PRO01 “Requirements and Obligations of Qualified Verification Bodies” and PRO24 “Independent Verification of UEBT Trading Members”.

Risk assessment: In the context of ESS certification, the process to identify, evaluate, and estimate the levels of risks involved in a particular natural ingredient supply chain in relation to Ethical BioTrade practices.

Scope (of ESS certification): The extent to which the certified ESS covers the business. The ESS certification scope may extend to the entire business or could be reduced to, for example, a specific business unit or a product line.

Traceability: In the context of ESS certification, traceability refers to the process of identifying and tracing the supply chain for natural ingredients, up to the sourcing area.

Annex 3. M&E Indicators and quality procedures

Reach and scale Information	
Verified supply chains (system certification - ESS)	
Name of natural ingredient - Inc name [If applicable]	
Name of raw material	
Name of the country of cultivation/wild collection of the raw material	
Name of Organisation at Source (local supplier)	
Verified by	UEBT Trading Member or external certification body
Type of production system	Cultivation or wild collection
Agroforestry (if farming production system)	Yes or no
Volumes of raw material used (MT) [since the last audit until now]	
Conversion rate from raw material to ingredient [if applicable]	
Loss of ingredient in the processing [If applicable]	
Size of sourcing area (Ha) (whole production area)	
Sub-suppliers (No) [If applicable]	
Field operators (No) (Farmers and pickers)	
Farms (No) [if cultivation]	

Procedures shall be followed to assure quality in the data collected to fulfil the information required to monitor the reach and scale of the verification process in the context of the ESS certification.

Quality assurance procedures concern:

1. Regular collection of complete information

- ✓ The templates with the information required, as defined by UEBT, can be used or integrated in those that the ESS certificate holders or its suppliers may have already developed.
- ✓ Suppliers collect the information and make them available during verification audits.

2. Collection of valid information

- ✓ The EES certificate holders or, when involved, external auditors check the accuracy of the information collected by the suppliers.
- ✓ Guidelines defined by UEBT (and provided in the audit templates along to the UEBT scope template) can be followed. Otherwise, guidelines can be defined by the ESS certificate holders as far as in line with what defined by UEBT.

- ✓ The guidelines are to make sure that each indicator is well understood and that control points (e.g. comparison with year before, consideration on average productivity) are available to verify if information is correct.

3. *Storing and sharing with UEBT complete information faithful to what gathered*

- ✓ Once information is collected and checked, the ESS certificate holders shall store it in their system.
- ✓ Information from different sources (i.e. different verification audits) are to be organised in one single database.
- ✓ The database can have the same structure as the UEBT scope template to facilitate the sharing of information with UEBT.
- ✓ So organised information shall be shared with UEBT within the first quarter of every year by submitting the annual report (GOV-08) and are verified by the auditor during the ESS audits.

Procedures shall be followed to ensure quality and ethics in conducting the evaluation studies to assess the implementation of Ethical BioTrade practices along the verified supply chains and their impact in the sourcing areas.

Studies may be conducted internally or externally, but preferably through an independent organization.

Local researchers who can well understand the reality under investigation shall be preferred.

Terms of references (ToR) or research proposal are to be defined before a study.

It is preferable to structure the studies in two steps – 1) baseline and 2) follow up. The baseline is used to explore what is the situation at the beginning of the interventions and what is important to assess later on. The follow up study is used for the assessment after some time from the intervention. In general, the aspects to focus on include the socio-economic and biodiversity conditions at the suppliers, field operators, and communities.

Conducting more studies is recommended, especially in case of large numbers of verified supply chains. However, suppliers and field operators to be involved are chosen according to the following criteria

- ✓ They are representative of the reality and variety of ingredient supply chains and contexts the ESS Certificate Holders work in,
- ✓ They have been involved in actions that the ESS Certificate Holders are particularly interested in assessing,
- ✓ They show willingness to contribute to the study.

Final results or summary shall be shared with UEBT and may be published. They may include the following

- ✓ The purpose of the study and the guiding questions
- ✓ The methodology
- ✓ The findings and conclusions
- ✓ The limitations
- ✓ Contextual aspects that might have influenced the evaluation
- ✓ Recommendations

Annex 4. Sampling guidance for documentation check for certification bodies

As part of the external audit to be conducted by a qualified certification body, there might have a documentation check in order to evaluate on the basis of ESS due diligence systems and field verification reports and respective support documentation whether the quality and the focus of the activities sufficiently meet the UEBT ESS requirements. For the document check, the certification body shall make a selection of:

- at least the square root plus one of the field verification reports of prioritized supply chains, with a maximum of 10 reports to be checked.
- at least the square root plus one of the due diligence questionnaires for natural ingredients and derivatives, with a maximum of 10 questionnaires to be checked.

The selection shall be based on a combination of at least two of the following sampling methods:

- a. Random sampling: Selection not based on any predetermined considerations
- b. Stratified sampling: Categorize the Supply Chains in subgroups and make a selection from each of the subgroups.
- c. Judgmental sampling: Based on the Auditor's own judgment
- d. Discovery sampling: Based on specific evidence or assumption that require further investigation.

The approaches taken for the sampling must be described in the audit report.

Annex 5. Profile of the ESS Coordinator

Qualification requirements

The person eligible for the position of UEBT Coordinator at Member must:

- Be knowledgeable about ethical sourcing practices
- Have successfully completed the UEBT E-Training course and respective tests and case studies
- Have attended UEBT training provided by a UEBT staff member
- Have attended at least one training in environmental and/or social auditing scheme
- Be familiar with auditing/monitoring requirements

Roles and Responsibilities

- Act as primary contact between the UEBT Member and UEBT
- Ensure good implementation and operation of the ESS
- Guarantee the credible operation of the ESS
- Ensure that external audits will be conducted in a timely and efficient manner
- Ensure that the UEBT Member abides by all laws and regulations in general and ABS requirements in particular
- Proactively communicate with UEBT on issues that concern:
 - Changes to the rules, procedures, contact person(s) and other that affect the performance of the ESS and that have implications on the UEBT Certification.
 - Matters concerning compliance with the Standard that could represent a major risk to the UEBT Certification Program, a systematic problem/challenge, or for which there are doubts on how to deal with them.
- Ensure adequate allocation of resources
- Safeguard that the UEBT Member's due diligence systems meets or exceeds UEBT requirements.
- Document all activities related to the sound operation of the ESS
- Ensure adequate record keeping of above activities to demonstrate compliance
- Ensure that proper training of (additional) personnel involved in the ESS are in place to ensure that they are knowledgeable about UEBT requirements.
- Coordinate external audits at UEBT Member and follow-up on corrective measures

Annex 6. Profile of Internal Monitors for the Verification System

Qualification requirements of Internal Monitors:

Internal Monitors must

- Be familiar with different cultures
- Be knowledgeable about ethical sourcing practices
- Be experienced in auditing/monitoring activities
- Be familiar with the UEBT Ethical BioTrade Standard
- Have attended at least one training in environmental and/or social auditing scheme
- Attend regular UEBT training related to standard requirements

Roles and Responsibilities:

- Conduct on-site verification audits
- Verify the effective functioning of the management system of the operation at source
- Ensure that the management system requirements comply with UEBT requirements
- Identify any non-compliance issues at field level
- Complete the UEBT Field Checklist or equivalent and submit it to the UEBT coordinator in a timely manner
- Request supportive evidence where necessary
- Verify relevant documentation by and at the field level
- Verify that the record keeping is up-to-date and complete
- Monitor that corrective measures are implemented within the allocated time period (if applicable)