

9 tips to go green with natural ingredients for health products

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Now, more European consumers understand that the products that they buy can be bad for the environment. Because you export natural ingredients for health products, you and the producers you work with are responsible for sustainability in the supply chain. If the natural ingredients are not produced in a sustainable way, they can damage the environment forever. The tips in this document show how you can use green principles in your business, for example in production, processing, logistics and packaging. If you follow this advice, you can make your export business more competitive on the European market, because you will be able to attract buyers who value environmental sustainability in their supply chain and who want to share their story with consumers.

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1. Stay informed about EU Green Legislation to protect your export business

The EU has introduced new policies to promote sustainability in global supply chains. The biggest change in legislation involves the [EU Green Deal](#), which is a plan to make Europe's economy sustainable by turning challenges for the climate and environment into opportunities. The EU Green Deal also aims to protect ecosystems and biodiversity, reduce pollution and promote a circular economy. This involves 'the 3 R's' - reusing, reducing, and recycling waste - and using renewable resources.

Figure 1 introduces the EU Green Deal. Businesses will not have to comply with the Deal until 2024, and once the Deal comes into law, it will only apply to the largest companies. However, there is already a proposal on '[Corporate Due Diligence](#)', which offers guidelines and advice for how businesses should operate in global supply chains. The proposal states that "large European companies will be required to identify, and where necessary prevent or mitigate the adverse impacts along their supply chains on human rights and the environment". Sustainability requirements are becoming stricter, and European businesses like Givaudan are increasing transparency and due diligence in their supply chains. For example, the [Ecovadis sustainability assessment questionnaire](#) helps businesses to measure how sustainable they are and to make changes that are

based on recommendations and results.

Another important update in the EU is the [EU Deforestation Regulation \(EUDR\)](#). This regulation says that products that are imported to the EU should not be involved in forest degradation or deforestation. For European businesses that import natural ingredients for health products – for example cocoa derivatives for the health market – it will be very, very important to be able to prove where their products come from and how their activities affect the environment.

Transparency in agricultural supply chains is becoming more important. Because you export natural ingredients, you will need to give detailed information about all your activities to potential clients and to your current clients. The information should include how you grow the materials and what methods you use for processing. The next tips will make you more aware of what you can do to show that you are committed to environmental sustainability.

Figure 1: The European Green Deal



Source: [The European Commission](#), 2020

Tips:

Learn about the [Convention on International Trade in Endangered Species of Wild Fauna and Flora \(CITES\)](#). This is an agreement between governments to make sure that the international trade in wild plants is not dangerous to the survival of the species.

Read the [sustainability reports of European companies](#) to find out more about what they expect from suppliers.

Read the CBI study on the EU Green Deal and how it could affect your business.

Read [this report by the World Economic Forum](#) to understand everything you need to know about the EU Green Deal.

Read about the [Corporate Sustainability Reporting Directive \(CSRD\)](#). This directive means that large companies and listed SMEs (small and medium-sized enterprises) must report on what they are doing for environmental and social sustainability.

2. Build a relationship with your producers to work towards green production methods

To achieve green production, it is important to work closely with your producers, because only 10% of medicinal and aromatic plants are grown. The rest are harvested in the wild. Your producers may not know about the agricultural techniques that are the best for the environment, and they may damage the land. European companies understand how important it is to promote sustainability, but many of them do not have information about where the product comes from.

Because you are close to where your producers work, you are in the best position to work with them to make sure that their activities help to protect the environment and to renew forests. Talk to your suppliers and tell them about the EU's environmental standards. Explain how it will be good for them to comply with these

regulations. Be honest, encourage them to be honest, and work out what you can do more easily and what the biggest challenges are for green production. Once you have done this, talk to your European clients and see if they are willing to offer support with necessary improvements for sustainability.

Sometimes, your European partners may offer training or finance. Many European companies are creating partnerships directly with producers to deal with production challenges. This means that you may need to change how you buy products and be less dependent on local distributors and intermediary traders. Instead, you can work more closely with producers at the production level. This will improve the environmental sustainability of your business, and it can also make you more competitive and successful.

Here are some examples of how it is good for exporters to work closely with producers:

Your story of going green

Working closely with producers means that you can develop practical ways to make production more sustainable. This knowledge is the basis of your story of going green.

Better quality control

When you work closely with producers, it is easier to make sure that the production meets the quality standard. This reduces waste.

Saving money

Working together to improve production processes can help you and your producers to use raw materials better, to be more productive and to save money.

Faster delivery

Working closely with your producer can make delivery times shorter and help you to meet tight deadlines.

Better knowledge of competition

You will be in a better position to compete with other local traders who may trade in the same product.

Flexibility for adaptive management

When an exporter knows what is happening on the ground, it is easier to adapt when production conditions change and to react when the market wants something new

There are also international projects that encourage green production. For example, [TRAFFIC](#) is a conservation organisation in the UK that works on wildlife and biodiversity. TRAFFIC works with 15,000 producers to [promote the sustainable cultivation of jatamansi](#). There is less jatamansi than there used to be, because too much has been harvested for export and because habitats have been lost. Now, producers are being trained in production quality and the [FairWild Standard](#). The aim is to protect wild ecosystems, improve the local economy and promote jatamansi as an essential oil for therapeutic use in international markets.

Tips:

Find out which farmers are interested in sustainable production. Invest in annual audits and training to understand what makes it harder for them to produce sustainably, and support them to be more sustainable.

Identify and support lead farmers who know a lot about sustainable farming, so that they can manage demonstration farms where other farmers can learn from best practices.

Include farmers in environmental risk assessments, to help them to understand these risks and to get their support to manage the risks.

3. Offer traceable products

Traceability is about how easy it is to understand where products come from. Traceability is very important for sustainability in the supply chain. European legislation on traceability and on production that does not involve deforestation is becoming stricter, and you will need to have detailed information about everyone in your supply chain. Your European clients will ask you about the sourcing locations and about how the harvesting methods affect the environment. Figure 2 gives an example of a traceability system that is used by an EU company. You must be able to offer your client full details of your supply chain.

You can set up your own traceable supply chain to comply with the standards that are set by the EU and used by EU companies. Traceability is the tool that allows you to prove where your product came from and how it was produced. A traceability system will help you to explain how your business works with producers to improve product quality and how the production methods help to preserve forests and natural plants.

There are many ways to make a traceability system. If you do not have a lot of experience with these systems, work together with your suppliers to design a simple system that shows where the products were grown and who was involved. Give each producer their own number in your system, and record what they do for each batch of the product. Give each batch a number, too, because this can help you track it. You can record traceability on paper, but it is more efficient and more sustainable to use computer programs.

To improve your traceability system when you export to the EU, it is good to include the location of the production areas. You can use a map of these areas to show that your product is produced within the agreed agricultural boundaries and that it does not cause deforestation or forest degradation. Maybe your product is produced close to a protected area, and you are helping to preserve natural biodiversity by valuing and maintaining the natural plants as a 'buffer zone'. These are all good things about your business that make it more sustainable, and you should tell your customers about them.

This is especially important for the EUDR. If this regulation covers your product, you will need to show a map of your boundaries to be allowed to export to the EU. This means that each of your farms must be in the right place on maps that show forest cover on 31 December 2020, and you have to prove that your farms are not involved in deforestation.

[Pacha Soap Co](#) is a Somalian producer and exporter of frankincense. They have made a map of trees by choosing random areas of land, counting how many trees there are in those areas and looking at how healthy the trees are. Pacha Soap want to avoid harvesting too much, and the information about the health of the trees means that they can leave some trees untapped to allow the trees to rebuild their strength.

Figure 2: Nedspice traceable supply chain route of turmeric



Source: [Nedspice](#), 2023

Tips:

Read this article by the Initiative for Sustainable Agricultural Supply Chains to learn how to [set up a traceability system in natural ingredients supply chains](#).

Each product and each supply chain has specific challenges for traceability. There is no fixed system, and it is normal to adapt the system after your first tests in the field. If you have more than one sourcing location, you can set up a traceability system in one area as a test, then you can use an improved version of the system in your other areas.

At the start, you may need to invest time and money to train your suppliers and producers so that they can use the traceability system.

Ask your client if they would be willing to pay some of the cost of setting up the system.

Read the [social tips to learn how to help smallholder producers to join your traceability system](#).

4. Differentiate yourself from competition by committing to sustainable production methods

Environmental sustainability is becoming the standard in the European market, and buyers are always looking for new ways to show that they are committed to sustainable supply chains and operations. This also sets them apart from their competitors. You can work with suppliers who are really committed to sustainable production methods. This will allow you to tell European companies about your unique approach to sourcing natural ingredients for health products.

For example, a product like vanilla usually has a big carbon footprint. The production of vanilla can increase CO₂ emissions. Many processors use artificial methods to dry vanilla because they want to speed up the drying process. However, with enough planning, vanilla can be dried naturally. Whatever the carbon footprint of your natural ingredient is, you should explore original ways to reduce it.

Now you know about some different methods to have a better effect on the environment, and that can be really good for your business.

Look into concepts like 'nature positive', 'regenerative' and 'net zero'

Think about exploring concepts like ['nature positive'](#), ['regenerative production'](#) and ['net zero'](#). Basically, these concepts are about making sure that no more biodiversity is lost and renewing that biodiversity. The aim is to increase biomass and to use less fossil fuel in the production system. If you export a natural ingredient that is wild-harvested or harvested from a cultivated tree or shrub, you may already be doing this without even knowing it. If you export seaweed, you can highlight the fact that it is good for carbon sequestration and talk about how it helps to create habitats and increase biodiversity in the sea.

Develop a clear picture of production conditions

We advise you to develop a clear understanding of the production conditions (cultivation, harvesting and processing) of your natural ingredients, and what could make them green products. Talk to your producer and ask them to show you the whole process, from planting to harvesting. If you have a raw material that has a

specific environmental advantage, you can highlight this feature in your production story.

Table 1 shows how you can highlight the sustainable features of your natural ingredient. Once you have done this, make sure that you include the good environmental features of your natural ingredient in your marketing campaigns and in your selling proposition to your clients.

Table 1: Promotional environmental features of natural ingredients by various companies

Natural ingredient and plant part used	Company that includes the environmental feature in its marketing campaign	Promotional feature for ecological sustainability
Seaweed extract	Ceylon Aqua and Agri	<ul style="list-style-type: none"> • Renewable resource that grows quickly without needing fertiliser • Absorbs carbon from the atmosphere during photosynthesis • Habitat for birds, insects, animals • Helps to cycle nutrients into the ecosystem in the sea • Can remove pollutants from the water and improve water quality/pollution
Baobab powder	Baobab Exports LTD	<ul style="list-style-type: none"> • Habitat for birds, insects, animals (for example, snakes, monkeys and elephants) • Can be harvested without damaging the tree • Helps with carbon sequestration • Keeps soil conditions humid, improves nutrient recycling and reduces soil erosion
Moringa powder	Panda BVBA 'The Tree of Life'	<ul style="list-style-type: none"> • The moringa tree sequesters more carbon than other drought-tolerant species • Habitat for birds, insects, animals • Crushed seeds can be used to filter river water • Needs less water than other crops; this reduces the amount of water that is used in agriculture

[Pranarôm](#) is a Belgian supplier of natural ingredients for health products. They encourage their producers to use responsible cultivation. They have worked with the same suppliers for a long time, and they support their producers to use sustainable development methods. Now, they are looking for unique approaches to soil and ecosystem regeneration by working with harvesters to grow endangered and environmentally useful plants like Vetiver.

Regenerative agriculture

Regenerative agriculture aims to increase carbon storage, soil health, water holding capacity, crop resilience and nutrient density.

Regenerative agriculture includes things like:

- No-till or minimum tillage. Use of cover crops, crop rotations, compost and animal manure for increased soil fertility;
- Reducing chemicals and using methods that conserve water and soil (horizontal cropping to avoid erosion);
- Avoiding slash-and-burn farming, and introducing permanent production systems through intercropping, mixed plantations and agro-forestry systems;
- Increasing the genetic biodiversity of the target species;
- Making sure that the management of wild-harvest systems complies with sustainable harvest quotas;
- Saving some parts of the production area to conserve biodiversity and to let plants grow naturally;
- Encouraging people to use well-managed grazing methods that increase plant growth, soil carbon deposits and the productivity of all pasture and grazing land;
- Training producers in rural waste management, and checking options to reduce greenhouse gas emissions.

Think about using these methods to produce your ingredients.

5. Use a green technology for processing

Think about introducing eco-friendly methods when you process natural ingredients for health products after the harvest. This includes things like making water and energy more efficient and improving waste management. For natural ingredients for health products, the processing stage must become more sustainable, because the usual process involves drying seeds and other parts of the plant, removing fat and cleaning gums and resins. This process usually uses wood as a fuel to produce energy and it uses chemicals for extraction.

Solar energy is one of the most common green technologies. The [FAO gives a good example of how farmers use solar energy to irrigate crops in Rwanda](#). Solar drying is a low-cost and environmentally friendly way to dry natural ingredients. For other processing actions, think about using steam distillation or cold pressing to extract oils. Both methods avoid using solvents and they only rely on steam, water or heat, which can improve product quality. Marketing your product as organic can also help you to get higher prices in international markets.

[FairOils](#) growers have 2 ginger growing projects in Tanzania and Madagascar. Their ginger processing involves more than 2,500 farmers, and the ginger oil is extracted by hydro-distillation. The heat for this distillation comes from biomass boilers, which are powered by their own bio-waste 'briquettes'.

As part of their sustainability strategy, FairOils have [solar panels at all their processing facilities](#). These panels are a clean, reliable source of energy. FairOils say that "changing the way we think about energy has enabled us to dramatically reduce our reliance on diesel and other fossil fuels".

If you want to introduce more sustainable processing methods, it is important to look carefully at the process and to talk to your client about which parts of the post-harvest processing can be more eco-friendly. You must work together with your client, because changes in processing can affect the quality of the end product.

Tips:

Read this short document about the [benefits and potential of solar power for agro-processing](#).

Look very carefully at your current processing methods, and identify any areas where you can introduce environmentally friendly methods.

Check if you can use [water recycling systems](#) to reduce the amount of water that is wasted in your processing.

Read this report published by the International Renewable Energy Agency (IRENA) about [how renewable energy can be used in the agri-food system](#).

6. Green your logistics: avoid plastic packaging and apply sustainable transport solutions

Plastic pollution is bad for the environment. The EU Green Deal includes a plan to put less plastic waste in landfills. By 2030, the EU aims to recycle 55% of plastic packaging waste. As an exporter of natural ingredients for health products, you should try to reduce the amount of plastic you use in processing and packaging. Find out if you can use renewable, [biodegradable](#) or recyclable packaging to transport and export your raw material. You can also see if you can include fibres such as [algae](#), [bamboo](#) or carton-based materials in packaging. Glass and metal are also possible, but they are heavy, and this may make it harder to reduce weight to save fuel in transport.

Your European clients will start to avoid using plastics in their supply chain. They may not be able to trace what materials you use before you export the product, but you should try to avoid plastics because you can highlight this to your client as something unique about your company.

The European Union has introduced [carbon pricing in the maritime industry](#). This aims to encourage major ports to offer onshore power to ships and to use less of the fuels that cause pollution and make local air quality worse. Because European businesses think more carefully about their carbon emissions, we advise you to transport your products by ship whenever you can, rather than by air. Sea transport costs less and is reliable, and there are fewer limitations on transporting hazardous materials.

Tips:

The UN has approved a [specific metal drum which can be cleaned and reused](#). This is especially useful if you are exporting hazardous and volatile oils.

Sea transport takes time. Encourage your client to start using long-term planning, so that they avoid placing orders at the last minute that would need air transport to arrive in time.

Remember that not all products can share the same container, because some products are sensitive to smells or other contamination.

Check any changes in packaging with your client to make sure that the new packaging meets their expectations and makes processing and handling easier.

7. Implement circular economy practices and upcycling within your business

Another important part of the EU Green Deal is the circular economy. This is about reducing waste and using resources in the most efficient way. Basically, this means trying to use every part of the raw material that you source. IFF is a global manufacturer of fragrances and flavours. They have created a [new product using an extraction process from the root of the turmeric](#). This new product, 'Turmeric Root Ultimate', is an example of a by-product that can be created from waste material, which would usually be thrown away.

Using the principles of the circular economy in your business can help reduce your negative effect on the environment. The example from IFF also shows how waste materials can actually be used, and this generates more income for farmers who would usually throw away the roots. Basically, the methods of the circular economy encourage businesses to see waste as a valuable resource, instead of simply throwing it away.

One of the most important areas of environmental sustainability is in 'upcycling' natural ingredient waste. 'Upcycling' is when you turn waste material into new products. IFF is a member of the [Upcycled Food Association](#). The association's certified mark highlights a company's commitment to sustainability through the production of food by-products that are good for the environment. In 2022, IFF announced their first wave of [10 products that achieved the UFA's Upcycled Certified Program](#).

Upcycling usually needs a good [waste management system](#). Here are some things you can do to set up a waste management system in your company:

First, do a 'waste audit' to understand how much waste your company generates and what kind of waste it is; you can do this at the production level.

Use this waste audit to develop a waste management plan that says what your goals are and what you will do to reduce waste and increase recycling.

Your employees and producers need to know about your plan, so you need to teach them about your waste management policies.

Find ways to reduce waste, for example by reducing packaging and reusing materials.

Set up a recycling programme so that you can separate recyclable materials from waste.

Figure 3: Graphic showing the 'waste hierarchy'



8. Check options for financial support in going green

You may need support to become an environmentally friendly exporter. There are many opportunities available to help you get financial support. For example, some governments offer special grants to businesses that are involved in exporting natural ingredients. These grants can pay for many different activities, from product development to supply chain management. The [International Climate Initiative](#) (IKI) offers grants to businesses in developing countries that focus on reducing the effects of climate change, adapting when climates change, conserving forests and encouraging biodiversity.

You can also [apply for support from microfinance institutions](#), which offer smaller loans than development banks and which can sometimes help to finance small SMEs and farmers. Lending institutions are offering more support to companies that focus on environmental sustainability and climate change adaptation. However, if you want to receive support from these institutions, you must be able to show that you are willing to become a green business. Your loan application may be more successful if you have an action plan for the things you want to do.

There are many other ways to get financial help for environmentally friendly projects. You can explore crowdfunding platforms that support sustainable projects, [join 'accelerator programmes' that offer mentorship and funding](#) or apply for investment from [impact investors](#) who invest in businesses that agree with their social and environmental goals. Many banks and financial institutions also offer 'green' loans and loans that are linked to sustainability. These loans can have low interest rates for businesses that meet their environmental criteria.

Here are some other options for financial support:

- [Oiko Credit](#) offers loans to organisations that work in financial inclusion, agriculture and renewable energy in Africa, Asia and Latin America.
- [Root Capital](#) offers credit and other services to small and growing agricultural businesses all over the world.
- [Impact Finance](#) offers loans to companies that focus on 5 categories, including small producers, agro-forestry, financial inclusion, circular industry and integrated farming.
- Check the database of [The Global Environment Facility](#) (GEF), which offers serious funding opportunities for country-wide programmes. GEF also offers funding to individual SMEs.
- Explore [EU programmes that help countries to work on climate, environment and energy](#).
- Check your local Agriculture Development Bank. They may offer loans to finance climate projects, to buy equipment or to meet your other financial needs.

Tips:

You can learn more about how to approach banks to get loans. Try this [free e-course from the International Trade Centre](#).

Read the [Green index 3.0](#) to understand how financial institutions work out how 'green' they are. The index is a tool that the green and inclusive finance sector uses to manage their environmental performance.

9. Bring all these tips together and offer your clients a unique selling point

If you have full supply chain transparency and use eco-friendly methods, you can build a strong, long-term business relationship with your European clients in which you trust each other and work together. When you show that your whole supply chain is sustainable, your client may even be more willing to support you during

unexpected emergencies.

European companies usually get their raw materials from large international traders who do not record where the product comes from, its production conditions or its environmental impact. You can impress them by offering your clients a fully traceable supply chain. Share your story with your client, from production to transportation. Tell them how you work closely with producers to conserve biodiversity and renew soils, and how you support producers to help them deal with climate change.

Explain how you improve processing – for example, by introducing a green processing technique that does not use fuels, or by using waste as a useful material for production. Tell clients about what you do to reduce plastic packaging and how you reduce the environmental footprint of your logistics. This can be a unique selling point for your business, and it can show how you are different from your competitors.

Remember that you should always tell the truth, and that you should only say things that you can prove with evidence. Never tell your clients something that is not true, because this can damage your relationship with them and it can even break up your partnership.

All these ways to make your business greener and more environmentally sustainable are things that consumers and European businesses want to see. In fact, they align with marketing campaigns in the European food industry, which focus on green production, regenerative farming, zero-waste production, products that do not contain palm oil and low-emission transportation.

Tips:

In your promotion campaign, explain the main threats to ecosystems and biodiversity, and explain very clearly and specifically what you are doing to stop this. Use evidence, for example photos of the people involved, the landscape, endangered animals and the environment.

Make sure that you give evidence for what you say about sustainability. This will give you a unique advantage over your competitors.

Think about promoting your products on distribution platforms that highlight sustainably produced raw materials, like [1-2 Taste](#).

[Doselva](#) is a social enterprise in Central America. They work with hundreds of farmers in different parts of Nicaragua to improve the local economy and to make their farming methods more sustainable. Their commitment to environmental sustainability is clear from their website. Doselva work in the “joint design of multi-story shade strata in which their high-value, diverse crops can grow in ways that increase biodiversity and carbon sequestration, all while improving the overall health and structure of the underlying soil”.

This study was carried out on behalf of CBI by Christine Woda and [ProFound – Advisers in Development](#)

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