



**SOURCING
WITH RESPECT®**

**STD01 – D1 – Ethical BioTrade Standard – 2011-
05-04**

Union for Ethical BioTrade (UEBT)

This document is a draft-revised version of the old Verification Framework. This draft will be circulate through a public consultation process and field-test before final approval.

Please visit our web site (www.ethicalbiotrade.org) to learn about standards under development and/or under revision.

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Ethical BioTrade Standard

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Background

UEBT is revising its Ethical BioTrade Standard, formerly known as Verification Framework for Native Natural Ingredients – 2007-09-20. As part of this standard revision process, UEBT undertakes a public consultation.

As standard-setting organization and ISEAL member, the UEBT follows the ISEAL Code of Good Practices for standard development as reflected in the UEBT standardization procedure (i.e. UEBT PRO06 – Standardization process).

Between May 2009 and January 2011 UEBT invited comments from different stakeholder groups. The last 6 months of this period comments were proactively sought. In early 2011 the comments were incorporated and approved by the UEBT Standard Committee. This draft is consulted with all stakeholder groups once more for a three-month period in 2011.

Introduction

A growing number of private-sector organizations are looking to make a positive contribution to sustainable development through ethical sourcing and corporate social responsibility policies and practices. Biodiversity is becoming an increasingly important notion, and private-sector organizations are starting to align their operations with the objectives of the Convention on Biological Diversity.

The Union for Ethical BioTrade (UEBT) is a non-profit association that promotes the 'Sourcing with Respect' of ingredients that come from biodiversity. Members commit to gradually ensuring that their sourcing practices promote the conservation of biodiversity, respect traditional knowledge and assure the equitable sharing of benefits all along the supply chain. This commitment is measured through the Ethical BioTrade standard.

The Ethical BioTrade standard builds on the BioTrade **Principles** and **Criteria** that were developed by the UNCTAD BioTrade Initiative. The first version of the Ethical BioTrade standard was adopted in 2008 under the title 'Verification Framework for Native Natural Ingredients'. This is the second (draft) version of the Ethical BioTrade standard. The revision was needed to take into account experiences with application of the 2008 standard in different parts of the world, and at different stages of the supply chain.

The revision process followed an inclusive and participative development process, involving economic, environmental and social interest groups. Stakeholders from around the world and from all parts of the supply chain were consulted. The process by which the standard is developed follows both the World Trade Organization (WTO) requirements for developing standards and the International Social and Environmental Accreditation and Labeling alliance (ISEAL) Code of Good Practice for Setting Social and Environmental Standards.

UEBT member organizations use the Ethical BioTrade standard to shape their biodiversity sourcing practices. They develop biodiversity management systems that further the implementation of the Ethical BioTrade standard in their own operations as well as throughout their supply chains. Members prepare work-plans and report annually on their implementation. This commitment of members is externally verified, with periodic audits taking place of the biodiversity management systems and their effective implementation in selected supply chains.

To reflect that UEBT members apply ethical sourcing practices to all natural ingredients they work with, the revised standard does not solely focus on native natural ingredients anymore. A risk-based approach now defines which parts of the standard need to be applied to natural ingredients a UEBT member works with.

I. Scope

The UEBT Ethical BioTrade standard applies to natural ingredients and the species these are derived from. Species may come from wild collection and/or cultivation. The standard is particularly meant to apply to natural ingredients used in the cosmetics, food and pharmaceutical sectors, but might also be relevant for other sectors that use natural ingredients.

The UEBT Ethical BioTrade Standard is used as the principal reference point in defining the UEBT membership obligations. UEBT membership obligations stipulate to what natural ingredients this standard needs to be applied, the extent to which it needs to be applied, and the level of compliance that is required over time.

UEBT members apply the Ethical BioTrade standard to direct their biodiversity management systems and to guide practices in their supply chains. UEBT uses a combination of self-assessment and external verification by third party verification bodies against this standard to assess compliance with UEBT membership obligations.

UEBT membership obligations stipulate that the level of application by UEBT members of this standard depends on the level of risk associated to the natural ingredient to which the standard is applied. For high-risk ingredients (e.g. endangered species), the UEBT membership obligations establish that the entire standard needs to be applied. For ingredients to which lower risks are associated, a subset of the standard needs to be applied.

The standard can be applied to different stages of the supply chain, including brands, processing companies, or producers. To allow application at different stages, guidance is available for UEBT members at the level of the standard's criteria and/or indicators (see box 1 for an example).

The UEBT standard may also be used for issuing certificates of compliance for specific supply chains. In this case the full standard is applicable.

Box 1: Example of guidance to UEBT members for application of the UEBT standard at different stages of the supply chain

1.1 *Characteristics of ecosystems from which the organization sources natural ingredients shall be maintained or restored.*

1.1.1 Threats to the ecosystems of the sourcing area are identified.

1.1.2 The threats identified in 1.1.1 are addressed.

Interpretation for brands & processing companies:

1.1.1 Organisation's Management system allows for basic knowledge of the sourcing ecosystems

1.1.2 When identified problems are caused by productive activities, the Organisation's Management system should address these through supply chain actions.

1.1.2 When problems are external to the supply chain, the Organisation's Management system should encourage relevant measures, in proportion to its size and influence

Interpretation for organisation in contact with producers:

1.1.1 & 1.1.2: Additional vigilance measures are required from the organisation (e.g. field inspections)

Interpretation for producers (i.e. any organisation involved in collection/cultivation):

1.1.1 The organisation needs to develop an understanding of the existing threats or risks to the ecosystems from which it sources the natural ingredient

1.1.2 When identified problems relate to the supply chain, the organisation takes measures to address the threats and risks identified in 1.1.1, in proportion to its size and its level of control over the sourcing area.

1.1.2 When the problem is external to the supply chain, the organisation should encourage relevant measures in proportion to its size and influence

II. Normative references

The following referenced documents are indispensable for the application of the Ethical BioTrade standard.

Convention on Biological Diversity (CBD)

<http://www.cbd.int/>

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

<http://www.cites.org/>

International Labour Organization Core Conventions:

<http://www.ilo.org/ilolex/english/convdisp1.htm>

ILO C26 Minimum Wage-Fixing Machinery Convention, 1928

ILO C29 Convention on Forced Labour, 1930

ILO C87 Freedom of Association and Protection of the Right to Organize, 1948

ILO C95 Protection of Wages Convention, 1949

ILO C98 Right to Organize and Collective Bargaining, 1949

ILO C100 Equal Remuneration 1951

ILO C105 Abolition of Forced Labour Convention, 1957

ILO C111 Discrimination (Employment and Occupation), 1958

ILO C131 Minimum Wage Fixing Convention, 1970

ILO C138 Minimum Age Convention, 1973

ILO C155 Occupational Safety and Health Convention, 1981

ILO C169 Indigenous and Tribal Peoples Convention, 1989

ILO C182 Worst Forms of Child Labour, 1999

IUCN Redlist

<http://www.iucnredlist.org/>

OECD Guidelines for Multinational Enterprises, 2000

<http://www.oecd.org/dataoecd/56/36/1922428.pdf>

Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, 2004

<http://www.pic.int>

Stockholm Convention on Persistent Organic Pollutants, 2001

<http://www.pops.int>

UN Convention on Contracts for the International Sale of Goods, 1980

<http://www.uncitral.org/pdf/english/texts/sales/cisg/CISG.pdf>

UN Convention against Transnational Organized Crime and its Protocols, 2000

http://www.unodc.org/pdf/crime/a_res_55/res5525e.pdf

WHO Recommended classification of pesticides by hazard & guidelines for classification. 2009

http://www.who.int/ipcs/publications/pesticides_hazard/en/

III. Other references

The following referenced documents could help the application of the Ethical BioTrade standard:

Bonn Guidelines on access to Genetic resources and Fair and Equitable Sharing of the Benefits Arising out of their Utilization, Convention on Biological Diversity, 2000
<http://www.cbd.int/doc/publications/cbd-bonn-gdls-en.pdf>

Cartagena Protocol on Biosafety, Convention on Biological Diversity, 2000
<http://bch.cbd.int/protocol/>

ISO 14001
http://www.iso.org/iso/iso_14000_essentials

ISO 26000
http://www.iso.org/iso/social_responsibility

Nagoya Protocol, Conventions on Biological Diversity, 2010
<http://www.cbd.int/abs/>

UEBT PRO10 – Application process for Trading Member

UEBT GOV25 – Conditions and obligations for Trading Member
<http://www.ethicalbiotrade.org/resources/>

United Nation Declaration on the Rights of Indigenous Peoples, 2007
<http://www.un.org/esa/socdev/unpfii/en/drip.html>

United Nation Global compact
<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

IV. Terms and definitions

For the purposes of this standard, the following definitions apply:

Actors: people or organizations that are involved in Ethical BioTrade supply chains, i.e. producers, buyers, farmers, consumers, etc.

Access and Benefit Sharing: system established by the Convention on Biological Diversity for the utilization of genetic resources and associated traditional knowledge on the basis of prior informed consent and mutually agreed terms.

Adaptive management: systematic process for continually improving policies and practices by learning from the outcomes of previously employed policies and practices.

Agrochemicals: chemicals used in agriculture such as fertilizers, insecticides, herbicides, fungicides, hormones and other inputs. (Oxford dictionary)

Alien species: a species, subspecies or lower taxon, introduced outside its natural past or present distribution; includes any part, gametes, seeds, eggs, or propagates of such species that might survive and subsequently reproduce (Convention on Biological Diversity, 1992).

Buyer: organizations buying Ethical BioTrade products along the supply chain at the exclusion of producing organizations (according to the definition of producer below). (UEBT 2007)

Biodiversity: see Biological diversity definition

Biological diversity: variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems. (Convention on Biological Diversity, 1992).

Biological interaction: interactions between organisms in a community. In the natural world no organism exists in absolute isolation, and thus every organism must interact with the environment and other organisms.

Biological resources: resources, including genetic resources, organisms or parts thereof, populations, or any other biotic component of ecosystems with actual or potential use or value for humanity. (Convention on Biological Diversity, 1992).

Criterion (pl. Criteria): means of judging whether or not a Principle has been fulfilled. (FSC Principles and Criteria for Forest Stewardship, 1996).

Customary law: locally recognized principles or systems that internally govern or guide aspects of the lives and activities of indigenous and local communities. In general, they define rights and responsibilities of community members on aspects such as use of and access to natural resources, rights and obligations relating to land, inheritance and property, maintenance of cultural heritage and knowledge systems. (Adapted from WIPO – World Intellectual Property Organisation)

Ecosystem: dynamic complex of components (i.e. plant, animal and microorganism communities) and their non-living environment interacting as a functional unit. (Adapted from Convention on Biological Diversity, 1992)

Endangered species: species facing a very high risk of extinction in the wild and is listed in either IUCN redlist, national legislation and CITES.

Environmental impact: any change to the environment, whether adverse or beneficial, wholly or partially resulting from an **organization's** activities, products or services. (ISO 14001:2004)

Genetic resources: genetic material of actual or potential value. (Convention on Biological Diversity, 1992)

Genetically modified organisms: an organism that has been transformed by the insertion of one or more transgenes. (FAO – Food and Agriculture Organisation, Biotechnology in Food and Agriculture¹)

Habitat: place or type of site where an organism or population naturally occurs. (Convention on Biological Diversity, 1992)

Indicator: quantitative or qualitative parameter, which can be assessed in relation to a criterion. (The Tropenbos Foundation, 1996 - Hierarchical framework)

Indigenous communities: peoples who are tribal or are regarded as indigenous on account to their descendant from original populations whose social, cultural and economic conditions distinguish them from other sections of the national community and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations. (Adapted from ILO 169)

Indigenous lands and territories: lands, territories and resources, which indigenous peoples have traditionally owned, occupied or otherwise used or acquired. (UN Declaration on the Rights of Indigenous Peoples: Article 26, 2007)

Introduction: means the movement, by human agency, of a species, subspecies, or lower taxon (including any part, gametes or propagule that might survive and subsequently reproduce) outside its natural range (past or present). This movement can be either within a country or between countries. (IUCN – International Union for the Conservation of Nature)

Invasive Alien species: alien species, which becomes established in natural or semi-natural ecosystems or habitat, is an agent of change, and threatens native biological diversity. (IUCN)

Land tenure: rules, whether legislation or customarily defined, that determine how property rights to land are allocated within societies. They define how access is granted to rights to use, control, and transfer land, as well as associated responsibilities and restraints. (Adapted from FAO²)

Living wage: wage paid for a standard working week meeting basic needs of workers and their families and to provide some discretionary income. (Fair Wear Foundation)

Local communities: human population in a distinct ecological area that depends directly on its biodiversity and ecosystem goods and services for all or part of their livelihoods and who have developed or acquired traditional knowledge as a result of this dependence, including farmers, fisherfolk, pastoralists, forest dwellers and others. (Adapted from Protection of traditional Knowledge and Cultural Heritage – the concept of “Collective Bio-Cultural Heritage”³)

¹ <http://www.fao.org/biotech/>

² <http://www.fao.org/docrep/005/y4307e/y4307e05.htm>

³ IIED (International Institute for Environment and Development): <http://pubs.iied.org/pdfs/G01067.pdf>

Lodging: temporary accommodations that are safe and acceptable, allow access to food and beverages.

Native species: species, subspecies, or lower taxon, occurring within its natural range (past or present) and dispersal potential (i.e. within the range it occupies naturally or could occupy without direct or indirect introduction or care by humans). (IUCN Guidelines for the prevention of biodiversity loss caused by alien invasive species)

Natural cycles: nutrient and mineral cycles resulting from the interactions between soils, water, plants and animals and their taxa in natural ecosystems that affect the ecological productivity of a given site. (Adapted from FSC Principles and Criteria for Forest Stewardship Council, 1996)

Natural ingredient: ingredients and inputs extracted or derived from plants or animal products as opposed to being produced synthetically (adapted from the USA Food and Drug Administration).

Organization: entity responsible for the gradual application of the Ethical BioTrade standard through its management system and supply chains.

Pre-financing: financial advance on contracts by buyers. (FLO standard)

Prior informed consent: explicit permission of the authorities of the provider country for access to biological resources, which may be required before such access takes place and should be granted only on the basis of all relevant information. Prior informed consent also refers to the permission required from the local providers of biological resources and/or the holders of traditional knowledge. (Adapted from the CBD principles)

Principle: essential rule or element. (FSC Principles and Criteria for Forest Stewardship, 1996)

Pristine ecosystem: ecosystem in its original condition, not disturbed by human beings.

Producer: organization that controls entirely one of its supply chains up to the field area and has the responsibility to implement a management system at the ground level that ensures compliance of production methods with the requirements of the Ethical BioTrade standard. (UEBT, 2011)

Note: a producer can be only producer or it can be also a buyer of other raw material. Its management system will need to be adapted accordingly, to reach compliance.

Protected area: a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values (IUCN – World Heritage definition⁴)

Production area: site being utilized by the organization for the collection or cultivation of natural ingredients. (UEBT 2007)

Species: a group of organisms capable of interbreeding freely with each other but not with members of other species. (WCMC – World Conservation Monitoring Centre)

Sourcing: process of buying, cultivating and/or collecting natural ingredients and the species from which they are derived.

⁴ http://www.unep-wcmc.org/protected_areas/categories/index.html

Supply chain: system of organizations, people, technology, activities, information and resources involved in moving a product or service from supplier to customer. Supply chain activities transform natural resources, raw materials and components into a finished product that is delivered to the end customer.

Technology transfer: process of the transfer of skills, knowledge, technologies, methods of manufacturing, samples of manufacturing and facilities to ensure that scientific and technological developments are accessible to a wider range of users who can then further develop and exploit the technology into new products, processes, applications, materials or services.

Traceability: ability to identify and trace the history, distribution, location, and application of products, parts, and materials. A traceability system records and follows the trail as products, parts, and materials come from suppliers and are processed and ultimately distributed as end products. (ISO – International Organisation for Standardization)

Traditional knowledge: knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity. (Convention on Biological Diversity)

Wild species: organisms captive or living in the wild that have not been subject to breeding to alter them from their native state. (WCMC)

DRAFT

V. Revised Ethical BioTrade standard – v.2011

1 Conservation of biodiversity

1.1 Characteristics of ecosystems from which the organization sources natural ingredients shall be maintained or restored.

- 1.1.1 Threats to the ecosystems of the sourcing area are identified.
- 1.1.2 The threats identified in 1.1.1 are addressed.
- 1.1.3 Main negative impacts on biological interactions of sourced species with other organisms within the ecosystem are addressed.
- 1.1.4 Measures are in place for the conservation and/or the restoration of the habitats of endangered species in sourcing areas.
- 1.1.5 Sourcing activities do not introduce or cause the introduction of invasive alien species.
- 1.1.6 Sourcing activities do not introduce or cause the introduction of GMOs (Genetically Modified Organisms).
- 1.1.7 No activities to convert pristine ecosystems are undertaken or allowed in sourcing areas.

1.2 Practices on the sourcing of natural ingredients, including those activities undertaken to advance compliance with the UEBT standard, shall be aligned with relevant strategies, plans or programmes for conservation and sustainable use of biodiversity.

- 1.2.1 Relevant local, national or international strategies, plans or programmes are identified.
- 1.2.2 These practices do not contravene, but rather contribute to the implementation of the relevant strategies, plans and programmes.

1.3 Practices on the sourcing of natural ingredients, including those activities undertaken to advance compliance with the UEBT standard, shall respect relevant traditional practices.

- 1.3.1 In the context of the activities defined in 1.3, the organization encourages the preservation or restoration of traditional practices relevant for the conservation and sustainable use of biodiversity.

2 Sustainable use of biodiversity

2.1 The sourcing of the species shall be supported by management documents addressing, inter alia: harvest rates, monitoring systems, productivity indexes and regeneration rates.

- 2.1.1 Collection or cultivation areas are clearly identified.
- 2.1.2 Collection or cultivation is conducted on the basis of relevant permits.
- 2.1.3 The organization has an up-to-date list of suppliers, producers and collectors.
- 2.1.4 For collected species, information is available on the regeneration rate and the populations of the sourced species within the sourcing areas.
- 2.1.5 Collection and /or cultivation practices, including harvest rates, do not negatively affect the long-term ability of the population of the sourced species or their environment to support the continuation of these levels of yield.
- 2.1.6 A monitoring system is in place that allows continual adjustment of collection and/or cultivation practices (harvest rates, collection techniques, agricultural practices) with the aim of guaranteeing an adaptive management of the sourced species.

2.2 Employees, suppliers and collectors involved in sourcing activities shall be trained in the implementation of good collection, cultivation and quality assurance practices.

- 2.2.1 A training scheme for employees, suppliers and collectors exists.
- 2.2.2 Employees, suppliers and collectors are trained in good practices.
- 2.2.3 Employees, suppliers and collectors implement the good practices on which training was received.

2.3 Purchasing schedules shall be organised according to the supply of the sourced species or the harvesting seasons.

- 2.3.1 The purchasing schedules of the organization recognizes the harvesting season, the harvest rates, phenological cycles of plants and other good practices as defined in the management documents (under 2.1).

2.4 Appropriate mechanisms shall be implemented to prevent or mitigate negative environmental impact.

- 2.4.1 Sourcing activities do not introduce or cause the introduction of agrochemicals in pristine ecosystems.
- 2.4.2 A register is available on agrochemicals used, containing at least the name of the chemicals.
- 2.4.3 The organization does not use agrochemicals banned under the Stockholm Convention on Persistent Organic Pollutants (POPs), that fall under WHO Categories I and II and/or are listed in the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and/or banned in the relevant countries of operations.

- 2.4.4 Negative impacts of sourcing activities on air quality are identified and specific practices to prevent or mitigate these are implemented.
- 2.4.5 Negative impacts of sourcing activities on water resources are identified and the mechanism to prevent or mitigate these are in place or implemented.
- 2.4.6 Negative impacts of sourcing activities on soil quality are identified and mechanisms to prevent or mitigate these are in place.
- 2.4.7 Mechanisms are in place to minimize the waste of raw materials in different phases of production.
- 2.4.8 Measures are in place to manage the waste derived from productive practices, including reuse and recycling activities.
- 2.4.9 Final waste disposal ensures the reduction of contamination risks, paying a particular attention to water bodies, if necessary by means of an Environmental Impact Assessment.

3 Fair and equitable sharing of benefits derived from the use of biodiversity

3.1 Access and benefits sharing legislation shall be taken into account.

- 3.1.1 The organization has information on existing access and benefit sharing legislation.
- 3.1.2 The organisation takes step to determine whether and how this legislation applies to its activities.
- 3.1.3 The organization takes measures towards meeting any applicable requirements put forth by this legislation.
- 3.1.4 The organization applies other criteria of Principle 3 of the UEBT standard so as to complement and build on applicable requirements of this legislation.

3.2 Access to biodiversity and associated traditional knowledge shall be subject to prior informed consent.

- 3.2.1 The organization takes measures towards conducting any administrative procedures required by access and benefit sharing legislation to solicit access to biodiversity and associated traditional knowledge.
- 3.2.2 Use of biodiversity and traditional knowledge takes place with the prior informed consent of the local or community authorities, groups or individuals with rights over these resources and knowledge.

3.3 The organization shall pay equitable prices for sourced species and ingredients.

- 3.3.1 Prices are based on cost calculation and on negotiations, following the approaches outlined in criterion 3.7.
- 3.3.2 Prices provide a living wage.

3.3.3 Prices cover the costs of production (including the costs of implementing of conservation, sustainable use, and other requirements in this standard) and are periodically reviewed.

3.3.4 Price-setting is independent of the establishment of other monetary or non-monetary benefits.

3.3.5 Pre-financing is available at the producer level for part of the contract value, if requested and provided there is no independently assessed and sufficiently high risk of non-payment.

3.4 Through monetary and/or non-monetary benefits, the organization shall generate sustainable local development.

3.4.1 The organization generates employment at a local level.

3.4.2 The organisation establishes and manages its activities to build long-term, sustainable partnerships.

3.4.3 The organisation contributes to activities that promote sustainable local development at the producer level.

3.4.4 The organisation works to build institutional, natural resource management, technical and/or commercial capacities of producers and their local communities, in the context of its sourcing activities.

3.4.5 The organisation contributes to increasing technology transfer, research and development and/or value added at the local level, in the context of its sourcing activities.

3.4.6 An impact assessment, as defined in the UEBT impact measurement system, is undertaken, at least for those species with high biodiversity risk as defined by UEBT.

3.4.7 Producers and local communities are involved in determining the monetary and non-monetary benefits, following the approaches outlined in criterion 3.7.

3.4.8 The organization identifies and documents monetary and non-monetary benefits created and shared.

3.5 Use of traditional knowledge shall be recognized, promoted and adequately compensated.

3.5.1 The existence of traditional knowledge related to the used species is determined.

3.5.2 If traditional knowledge is used in the context of research and commercial activities, there is adequate approval and compensation as defined in other criteria under Principle 3.

3.5.3 If traditional knowledge is used in the context of research and commercial activities, such uses respect the rights of traditional knowledge holders, takes into account their ethical and cultural concerns, and allows their continued customary use of the traditional knowledge.

3.6 Patents and other intellectual property rights shall be exploited and enforced in a manner that is supportive to the objectives of the CBD and the Ethical BioTrade standard.

3.6.1 If an organization uses patent protection in relation to biodiversity-

based products and processes, the patent application and exploitation process takes into account the UEBT patent and biodiversity principles.

3.6.2 Patent applications for inventions based on biodiversity disclose the country of origin of the biological resources and any traditional knowledge relevant to the invention.

3.6.3 Potential use of patent protection is addressed in the negotiation and implementation of access and benefit-sharing agreements.

3.6.4 If providing samples derived from biodiversity for research purposes, the organisation takes into account relevant requirements in access and benefit sharing legislation.

3.7 Negotiations related to the creation and sharing of benefits derived from the use of biodiversity and/or associated traditional knowledge shall be transparent and based on dialogue and trust.

3.7.1 Negotiations involve other actors and take into account customary law and practices, as may be relevant.

3.7.2 Information used in discussions and negotiations is transparent, complete and understandable to the parties involved, so as to provide an understanding of the issues and potential impacts involved.

3.7.3 Parties involved are empowered to actively engage in negotiations.

3.7.4 The approach to and outcomes of negotiations are documented, taking into account local circumstances and practices.

3.7.5 The organization has mechanisms in place to address allegations regarding the use of biodiversity or associated traditional knowledge without adequate authorization or compensation.

4 Socio-economic sustainability (productive, financial and market management)

4.1 The organization shall demonstrate sound financial management.

4.1.1 The organisation has financial planning tools that allow tracking income, expenditures and profitability and ensures adequate financial reporting.

4.1.2 Financial reports are available and externally verified.

4.2 The organization shall have a quality management system in place, in line with market requirements.

4.2.1 The organization has identified its target markets and related quality requirements.

4.2.2 The organization keeps records and relevant documentation to meet the quality requirements set in its target markets.

4.2.3 Work is undertaken to improve the quality of the sourced natural ingredients.

4.3 A traceability system shall be in place allowing identifying the origin of the natural ingredients.

- 4.3.1 The organisation knows and documents the flow of natural ingredients it uses within its own operations.
- 4.3.2 The organisation knows and is able to document the origin of its natural ingredients along the supply chain.
- 4.3.3 The organisation sets critical control points to monitor traceability within its organisation and its supply chains.
- 4.3.4 The organisation is able to associate this traceability system to relevant Ethical BioTrade practices as defined in this standard.

5 Compliance with national and international legislation

5.1 The organisation shall respect local, national and international legislation related to the use and trade of natural ingredients.

- 5.1.1 The organisation demonstrates working knowledge and application of relevant regulatory requirements for the use and trade of natural ingredients.
- 5.1.2 The organisation applies relevant administrative requirements for the use and trade of natural ingredients.

5.2 The organization shall maintain records of payment of applicable fees, royalties, taxes and other charges.

- 5.2.1 Records show that the organisation pays such charges.

5.3 The provisions of all international agreements, such as the CBD, CITES and the ILO Conventions, shall be respected.

- 5.3.1 There is no substantiated evidence of any non-compliance by the organization with applicable requirements of international agreements.

5.4 The organization shall take measures to minimize the illegal use of the sourcing areas it manages.

- 5.4.1 The organization reports on the illegal use of the sourcing areas.
- 5.4.2 Measures are taken towards preventing the illegal use of the sourcing areas it manages.

6 Respect for the rights of actors involved in BioTrade activities

6.1 The organization shall respect human rights.

- 6.1.1 The organization takes measures to ensure the respect for human rights and there is no evidence of violation of such rights or of discriminatory policies or practices.
- 6.1.2 The organization respects the ILO Core Conventions on Freedom of Association and Protection of the Right to Organize (87), on the Right to Organize and Collective Bargaining (98), on Equal Remuneration (100), on the Abolition of Forced Labour (105), on Discrimination Employment and Occupation (111), on the Minimum Age Convention (138), on Indigenous and Tribal Peoples (169), on the Elimination of the Worst Forms of Child Labour (182), and the

UN Convention against Transnational Organized Crime, Protocol on Trafficking and Smuggling.

6.2 The organization shall respect the rights of indigenous and local communities.

6.2.1 Where indigenous or local communities have rights in relation to land and/or natural resources, the organization respects these rights in its sourcing activities.

6.2.2 Indigenous peoples and local communities control the management of the resources in their lands and territories, unless they delegate control with free and informed consent to other organizations.

6.2.3 Sites of special cultural, ecological, economic or religious importance to indigenous and local communities are clearly identified and respected.

6.3 The organization shall provide adequate working conditions for its employees.

6.3.1 When their duties require overnight stays outside their home, the organisation provides adequate lodging to its employees.

6.3.2 Where possible, the organization issues long-term contracts to its employees.

6.3.3 The organisation pays wages in line with national regulations and ILO conventions 95 (Protection of wages), 26 (Minimum wage-Fixing machinery) and 131 (Minimum wage fixing).

6.3.4 The organization ensures adequate social security for its employees.

6.3.5 The organization ensures adequate working conditions for its employees, including according to ILO 155 (Occupational Safety and Health convention).

6.3.6 The organization offers training programmes and career development opportunities to its employees.

6.4 The organization shall not threaten local food security.

6.4.1 The organisation identifies impacts on local food security caused by sourcing activities.

6.4.2 The organization undertakes measures to eliminate its negative impacts on local food security.

7 Clarity about land tenure, right of use and access to natural resources

7.1 The organization shall use land and natural resources according to established rights.

7.1.1 The organisation seeks or has the right to use the land and the natural resources.

7.1.2 Conflict resolution mechanisms are used in case of disputes over land tenure and/or rights over natural resources.