

# **Guidance for the application of the Bio-Trade Verification Framework for Native Natural Ingredients**

**Working document**

**Union for Ethical BioTrade**

V3.0 20080723

Important Notice: this is a working document that is being up-dated and improved continuously, based on experiences with on-going verification exercises. Users of this document are advised to check on the Union's Web site that they have the most up to date version before using it ([www.ethicalbiotrade.org](http://www.ethicalbiotrade.org)) .

As part of this continuous improvement approach, we would welcome any feedback from readers. Please send your comments at the same address.

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## Structure of the document

This document is divided into three different parts:

**General information:** general information on the Union for Ethical BioTrade, the Verification Framework and this guidance document, and their relation to the membership criteria.

**Guidance on the verification process:** requirements regarding *verification bodies*, general observations, the stages of the verification process and reporting. These do not apply to first and second party auditors.

**Guidance on the Verification Framework:** guidance on the possible interpretation of the different normative clauses of the Verification Framework for Natural Ingredients, in relation to production methods and position in the *supply chain*.

## Terms and Definitions

**Note:** both this document and the Verification Framework include the definitions of specific terms. The two lists are nearly identical, however some additional terms have been defined in this document. These are indicated by an asterisk in the list. To facilitate the identification of terms that are defined here, they are written in ***Bold Italics*** in the text.

For the purposes of this document the following definitions apply.

**Actors:** people or organizations that play a role in the BioTrade.

**Adaptive management:** management that allows for the implementation of corrective measures in systems on an ongoing basis, based on a process of continued monitoring.

Note: In the case of management of biological resources, adaptive management departs from the monitoring of the impacts (environmental, social and economic) on the eco-systems and populations resulting from the use of biological resources. (Convention for Biological Diversity, Addis Ababa Guidelines and Principles for the Sustainable Use of Biodiversity, 2004)

**Agricultural inputs:** range of fertilizers, insecticides, herbicides, fungicides, hormones and other inputs that are used in cultivation.

**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)

**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 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)

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

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

**Customary rights:** rights which result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of a law within a geographical or sociological unit. (FSC Principles and Criteria for Forest Stewardship, 1996)

**Ecosystem:** dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit. (Convention on Biological Diversity, 1992)

**Endangered species:** any species which is in danger of extinction throughout all or a significant portion of its range. (FSC Principles and Criteria for Forest Stewardship, 1996)

**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)

**\*Ethical certification scheme:** scheme that certifies the ethical behaviour of the organizations it assesses, in the environmental and social dimensions

**Exotic species:** introduced species not native or endemic to the area in question. (FSC Principles and Criteria for Forest Stewardship, 1996)

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

**Genetically modified organisms:** Genetically modified organisms: organism with the exception of human beings in which the genetic material has been altered in such a way that does not occur naturally by mating and/or natural recombination (Article 2(2) of Directive 2001/18/EC)

Note: GMO is not actually a scientific term nor was it coined by scientists. "Transgenic organisms", on the other hand, is a scientific term: it refers only to organisms that have acquired genetic material from other organisms.

**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 lands and territories:** all lands, air, water, sea, sea- ice, flora and fauna, and other resources which indigenous peoples have traditionally owned or otherwise occupied or used. (Draft Declaration of the Rights of Indigenous Peoples: Part VI)

**Indigenous peoples:** existing descendants of the peoples who inhabited the present territory of a country wholly or partially at the time when persons of a different culture or ethnic origin arrived there from other parts of the world, overcame them and, by conquest, settlement, or other means reduced them to a non-dominant or colonial situation; who today live more in conformity with their particular social, economic and cultural customs and traditions than with the institutions of the country of which they now form a part, under State structure which incorporates mainly the national, social and cultural characteristics of other segments of the population which are predominant. (Working definition adopted by the UN Working Group on Indigenous Peoples).

**Introduction:** intentional or accidental dispersal by human agency of a living organism outside its historically known native range (IUCN Position Statement on Translocation of Living Organisms).

**Local laws:** all legal norms instituted by governmental bodies whose jurisdiction is less than the national level, such as departmental, municipal and customary norms. (Adapted from FSC Principles and Criteria for Forest Stewardship, 1996)

**Minimum indicators:** requirements that have to be met by organizations wishing to become members of the UEBT and the first step on the Critical Path to complying with the BioTrade Principles and Criteria

Note: An organization wishing to become a member of the UEBT should ensure that it complies with the **minimum indicators** before formally applying for membership and the first **third party** audit will verify this compliance. (UEBT, 2006)

**Native species (indigenous):** 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 in natural ecosystems that affect the ecological productivity of a given site. (Adapted from FSC Principles and Criteria for Forest Stewardship, 1996)

**Organization:** Entity responsible for the implementation of the Verification Framework.

Note: Implementation may be gradual with only **minimum indicators** fulfilled at the start.

**Precautionary Approach:** Application of the precautionary Principle, by which the lack of full scientific certainty should not be used as a reason for postponing measures to avoid or minimize threats of significant reduction or loss of biological diversity and/or social degradation (adapted from Rio Declaration on Environment and Development Principle 15 1992 and The Convention on Biological Diversity 1992)

**Prior informed consent:** requirement for consultation with and agreement of indigenous peoples and/or local communities before an organization can explore for and rightfully exploit natural resources. (Bio-Trade Initiative, Implementation Strategy)

Note: Local groups accord their consent based upon an appreciation and understanding of the facts and implications of organizations future actions.

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

**Producer:** organization that has the responsibility to implement a management system at the ground level that ensures compliance of production methods with the requirements of the BioTrade Verification Framework. (UEBT, 2006)

Note: Such organizations can be individual farmers, cooperatives, or a primary buyer who is in direct contact with collectors, etc.

**\*Productive zone:** zone equal to the productive areas' total influence, linearly bringing together the organization's most distantly located productive areas. It is a unit of impact measurement within the BioTrade impact measurement system.

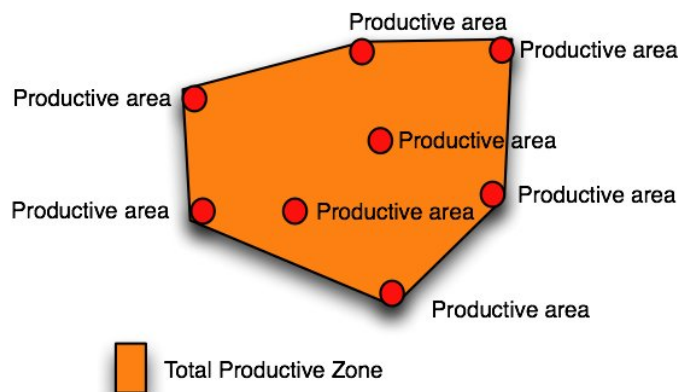


Figure 1 - Productive zone

(BioTrade initiative, 2008 *Building a System to Assess the Impact of the BioTrade Concept on Sustainable Development*, working document)

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

**Protected area:** geographically defined area which is designated or regulated and managed to achieve specific conservation objectives. (Convention on Biological Diversity, 1992)

**Retailer:** organization that buys finished products to sell them directly to final consumers. (UEBT, 2006)

**Supply chain:** coordinated relationships established between actors involved directly and indirectly in a productive activity with the aim of moving a product or service from supplier to customer. (Bio-Trade Initiative, Implementation Strategy)

**Note:** It involves alliances among producers, processors, distributors, traders, regulatory and support institutions, which, departing from a market demand for their products and services, establish a joint vision to identify mutual needs and

work jointly in the achievement of goals, and that are willing to share the associated risks and benefits, and invest time, energy, and resources in realizing these goals.

**Sustainable use:** use of components of biological diversity in a way and at a rate that does not lead to the long-term decline of biological diversity, thereby maintaining its potential to meet the needs and aspirations of present and future generations. (Convention on Biological Diversity, 1992)

**Tenure:** socially defined agreements held by individuals or groups, recognized by legal statutes or customary practice, regarding the "bundle of rights and duties" of ownership, holding, access and/or usage of a particular land unit or the associated resources there within (such as individual trees, plant species, water, minerals, etc). (FSC Principles and Criteria for Forest Stewardship, 1996)

**Third party:** person or body that is recognized as being independent of the parties involved, as concerns the issue in question.

Note: Parties involved are usually supplier ("first party") and purchaser ("second party") interests. (ISO/IEC Guide 2:1996)

**Traceability:** capability for following goods along the distribution chain (adapted from Wikipedia, 2007).

**Use rights:** rights for the use of *biological resources* that can be defined by *local* custom, mutual agreements, or prescribed by other entities holding access rights. (Based on FSC Principles and Criteria for Forest Stewardship, 1996)

Note: These rights may restrict the use of particular resources to specific levels of consumption or particular harvesting techniques.

**\*Verification body:** Legal or administrative entity that has the specific tasks to operate verification (adapted from ISO/IEC Guide 2:1996)

## Part I – General Information

### 1.1 Introduction

A growing number of private-sector organizations want to make a positive contribution to sustainable development and the objectives of the Convention on Biological Diversity (CBD) through their policies on quality, sustainable sourcing and corporate social responsibility.

The Union for Ethical BioTrade (the Union) brings together **organizations** from different industries around the globe that are working in the field of native biodiversity. Members are committed to working towards compliance with the BioTrade **Principles** and **Criteria** that have been developed by the UNCTAD BioTrade Initiative. Members' efforts are measured against a Verification Framework (VF) that follows these BioTrade **Principles** and **Criteria**.

The Verification Framework for Native Natural Ingredients is the first Verification Framework that has been developed by the Union. It has been prepared following an intensive, inclusive and participative development process involving economic, environmental and social interest groups. During its preparation stakeholders from around the world and from all parts of the **supply chain** were consulted. The process by which the Framework has been developed follows both the World Trade Organization (WTO) requirements for developing standards and the International Social and Environmental Accreditation and Labelling alliance (ISEAL) Code of Good Practice for Setting Social and Environmental Standards. The view of all interest groups has been balanced and the decision on the standard ensured that no one group could dominate or being dominated in the process.

The Verification Framework is a tool that allows setting a quick and reliable diagnosis of the situation of an organization working with native products of biodiversity vis-à-vis the requirements of the Convention on Biological Diversity (CBD) broadly speaking and the Principles and Criteria of BioTrade, more specifically. Institutions applying to membership of the Union are committed to put into practice the requirements of the Verification Framework, a commitment which implementation is independently verified. As such it is a central tool in the Union's membership requirements.

The Verification Framework addresses many circumstances, ranging from cultivation to wild collection, and from production to retailing. How it can be implemented in each of these situations needs to be clarified, both for auditors (internal or external) and the persons in charge of implementing a management system responding to it. This guide can be used by any of these actors, but it focuses on the need of **verification bodies** (VBs).

## 1.2 Membership requirements

For an **organization** to become a member of the Union, it has to follow a Critical Path, which is composed of 5 major steps:

**1° Self-evaluation and commitment:** the **organization** assesses the extent of its commitment and whether to commit to compliance with the Verification Framework within a maximum time frame of 5 years.

If the decision is positive, the **organization** will ensure that it complies with the **minimum indicators** (listed on p. 17). It will also commit to the development of a work plan for gradual implementation of the BioTrade Principles and Criteria, as expressed in the Verification Framework. This will be verified through a mixture of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> party audits.

**2° Third party audit:** a 3<sup>rd</sup> party audit by a qualified **Verification body** will check that the **minimum indicators** are fulfilled. It will also identify the gaps in fulfilling the Verification Framework. During this audit, the **organization's** capacity to carry out reliable internal audits will be evaluated. This will determine whether the following audits will be first (the **organization** itself) or second party (the Union or a body designated by it).

**3° Defining the implementation work plan:** A work plan to fill in the gaps identified by the 3<sup>rd</sup> party audit within a maximum of 5 years will then be developed by the **organization** itself, according to its own priorities. This plan will be approved by the Union to check that it is realistic and conform to the Union's vision.

**4° Implementation of the work plan and verification:** the **organization** will implement its work plan, with the support and the advice of the Union and its partners. After years 1, 2 and 3, the **organization** will evaluate and report on its progress compared to its own work plan. Whether these will be first or second party audits will depend on the outcomes of the initial audit (in step 2). The organization is free to ask a **third party** audit if it wishes to. It will be accountable for its reports and falsification will result in membership of the Union being revoked. Additionally the **organization** may be required to reimburse any financial support it has received through the Union.

At the latest at the end of year 4, a **third party** audit by a qualified **Verification body** will verify:

- that progress does correspond to the reports, and
- allow adjusting the work plan for the final year and to maximize the probability of compliance at the end of the Critical Path.

If the **organization** chooses to implement its work plan in less than 5 years, the intermediary **third party** audit may be dropped, although this is not advisable.

**5° Compliance and continuous improvement:** after compliance with the Union's Framework, necessarily verified through a qualified **Verification body**, the **organization** will be able to claim this compliance on B2B communication, when relevant. After this stage, continuous membership of the Union will be conditioned on continuous compliance with the Verification Framework. Third party audits will verify this on-going compliance every 3 years, while the **organization** will self-report annually in the intermediary years.

Members will also be expected to show continuous improvement, which they will be able to measure using a set of impact indicators provided by the Union and the UNCTAD BioTrade Initiative.

## Part II - Guidance on the verification process

### 2.1 *Qualified Verification bodies*

**Note:** These requirements for *third party* auditors **verification bodies** do not apply to first and second party auditors who may wish to use the standard to assess their own **organization** or one of their providers', as part of their Critical Path.

The 3<sup>rd</sup> party verification required from the members needs to be carried out by qualified **verification bodies** that have signed a Memorandum of Understanding with the Union.

Qualified **verification bodies** (VBs) shall *always* contact the Union before carrying out any verification ([verification@ethicalbiotrade.org](mailto:verification@ethicalbiotrade.org)).

Entities that desire to become qualified VBs by the Union shall contact it at the same email address.

#### 2.1.1 General conditions

The Union's verification system relies as much as possible on existing mechanisms. As such it has avoided developing an accreditation mechanism and relies on systems that have demonstrated their adequacy for carrying out verification in the framework of the Union. Field-tests with different **verification bodies**, pertaining to different accreditation/endorsement systems, have been carried out in several countries in Latin America and Africa. Based on these experiences, the following basic requirements have been established:

**For carrying out verification of producers:** accreditation under ISO/IEC Guide 65 (General Requirement for Bodies Operating Product Certification Systems) in relation to natural resource management) and recognized by an **ethical certification scheme**, with emphasis on the latter.

Rationale: auditors need to be able to interpret the requirements of the Verification Framework in contexts that vary significantly and cannot all be described in a guidance document. They also need to assess whether the work plan for complying with the Verification Framework is realistic. For these reasons they need to be experienced in schemes verifying standards related to sustainable development.

**For carrying out verification of buyers:** accreditation under ISO/IEC Guide 65, recognition by an **ethical certification scheme**, and conformity with ISO 19011 (Guidelines for quality and/or environmental management systems auditing), with emphasis on the latter.

Rationale: the transmission of the requirements of the Verification Framework from **buyers** up to **producers** relies intensively on the existence of effectively implemented management systems. Additionally, **buyers** can be fairly large and complex **organizations**. As such, auditors need to be trained in management system auditing as well as being able to assess on the ground the effects of these systems.

## 2.1.2 Recognized ethical verification systems

At the present time the following ethical verification systems have been identified through field tests as responding to the Union's requirements in terms of auditors' qualification and accreditation:

- Forest Stewardship Council (FSC): 18 certification bodies, from small NGOs to transnational companies. Certification operational in 79 countries
- Rainforest Alliance/ SAN (Sustainable Agriculture Network): 9 certification bodies in Latin America and USA, all NGOs. Certification operational in 19 countries (Latin America, Ethiopia, Ivory Coast, Kenya, Tanzania, Indonesia and Philippines)

**Verification bodies** accredited/recognized under one of these systems are deemed to comply with the Union's general requirements.

The Union is interested in increasing its pool of qualified **verification bodies** and is working with different verification systems to achieve their recognition.

## 2.1.3 Qualified **verification bodies**

To become qualified by the Union, a **Verification body** needs to:

- be part of one of the systems mentioned above,
- have auditors who have followed a special training<sup>1</sup> on the Union's verification specificities, and
- sign a memorandum of understanding with the Union.

Bodies interested in verifying for the Union that are not part of the systems mentioned above shall be qualified through additional field tests accompanied by the Union or one of its authorized partners. As a general rule, the Union will prefer working with schemes that work within a specific system (as FSC or SAN) for using this experience in building recognition agreements with the system in question.

Please contact the Union ([verification@ethicalbiotrade.org](mailto:verification@ethicalbiotrade.org)) for further information.

An up to date list of qualified **verification bodies** can be found on the Union's Web site ([www.ethicalbiotrade.org](http://www.ethicalbiotrade.org)).

## 2.2 Conducting a Verification

### 2.2.1 Pre-audit briefing of **verification bodies**

As soon as possible after a contact has been taken between a **Verification body** and a member or prospective member, the VB should contact the Union for Ethical BioTrade. **It shall do it in any case before conducting any verification:**

[verification@ethicalbiotrade.org](mailto:verification@ethicalbiotrade.org)

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<sup>1</sup> The training can be provided by the personnel of the Union or somebody duly delegated by the Union in conjunction with a verification audit. A training kit is currently in elaboration.

The Union will:

- inform the **Verification body** if its Membership Committee has approved the applicant as candidate,
- provide background information on the applicant to the **Verification body**, including the application forms, and work plan and reports, as relevant for the Critical Path stage.

The Membership Committee may request the **Verification body** to pay special attention to certain aspects of the Verification Framework.

## 2.2.2 Specificities of the Union's verification

The **verification bodies** qualified by the Union are entities normally operating certification within their respective system. As the Union operates in a field that is very sensitive in terms of commercial confidentiality and does not require certification, there are some elements upon which it is worth insisting and differences that vary from one system to the other. Specific documents explaining these differences will be jointly developed with the systems in question. However some generic points can be highlighted here.

### 2.2.2.1 Signing a contract for verification

The contract between the **Verification body** and the **organization** asking for verification shall include:

- The agreement that the VB shall provide the verification reports (both the full and public summary) to the Union Secretariat.
- A clause of confidentiality that all participants in the verification shall abide to and sign, including auditors, observers and any person in the **Verification body's** operation who will have access to the reports.
- A clause that the VB will submit the public summary report for review to the **organization** before allowing its public distribution. After this revision and a documented agreement by the **organization**, all information in the report will be deemed non-confidential.

### 2.2.2.2 Previous verification

As the verification system was in its elaboration phase, some BioTrade national programmes have carried out verifications of **organizations** (2<sup>nd</sup> party). As an interim measure, and to avoid duplication of efforts and inducing a "verification fatigue" amongst **organizations** interested in implementing their Critical Path, the verification may be limited to assessing whether the previous assessment is robust and provides reliably the necessary (see below emphasis of verification). This can only be done **if the second party assessment has been carried out on the basis of a draft of the Verification Framework** (not the BioTrade Principles and Criteria or a national adaptation of these).

This situation is expected to disappear gradually as, from the Union's establishment, qualified bodies carry out all new audits in this step of the Critical Path.

### 2.2.2.3 Emphasis of verification

The emphasis of the verification depends on the stage of the **organization** in its Critical Path. The following table summarises the different stages.

Stage	Emphasis of verification (VBs)	Purpose (Union or member)
Applicants	<ul style="list-style-type: none"> <li>Confirm that minimum criteria are met.</li> </ul>	<ul style="list-style-type: none"> <li>Condition for becoming member.</li> </ul>
	<ul style="list-style-type: none"> <li>Identify non-conformities with the Verification Framework.</li> </ul>	<ul style="list-style-type: none"> <li>Basis for the development of the members' work-plan. At this stage non-conformities, except for the minimum criteria, do not denote failure.</li> </ul>
	<ul style="list-style-type: none"> <li>Identify the organization's own capacity to undertake reliable self-audits, based on its internal monitoring and evaluation system.</li> </ul>	<ul style="list-style-type: none"> <li>Know if either capacity building or 2<sup>nd</sup> party audits will be necessary</li> </ul>
	<ul style="list-style-type: none"> <li>Filling in data for impact measurement system</li> </ul>	<ul style="list-style-type: none"> <li>Establish baseline (see specific document on impact methodology)</li> </ul>
Members – 3 <sup>rd</sup> year audit (i.e. 1 <sup>st</sup> audit after entering in the Union)	<ul style="list-style-type: none"> <li>Confirm continued compliance with minimum criteria.</li> </ul>	<ul style="list-style-type: none"> <li>Condition for staying member</li> </ul>
	<ul style="list-style-type: none"> <li>Check compliance with establish work plan &amp; verification of adequacy of previous reports</li> </ul>	<ul style="list-style-type: none"> <li>Check if member has implemented work-plan as reported and take measures if this is not the case.</li> </ul>
	<ul style="list-style-type: none"> <li>Identification of remaining non-conformities with the standard</li> </ul>	<ul style="list-style-type: none"> <li>Allow member to take all necessary actions to reach compliance in the last year audit.</li> </ul>
Members – 5 <sup>th</sup> year audit (i.e. end of critical path)	<ul style="list-style-type: none"> <li>Confirm conformity with entire standard (similar to certification)</li> </ul>	<ul style="list-style-type: none"> <li>Confirm successful completion of critical path (implementation of work-plan should lead to conformity with standard).</li> <li>Condition for staying member.</li> </ul>
	<ul style="list-style-type: none"> <li>Filling in data for impact measurement system</li> </ul>	<ul style="list-style-type: none"> <li>Compare with previous data and refine trends</li> </ul>
Members that have reached conformity (every 3 years)	<ul style="list-style-type: none"> <li>Continued conformity with entire standard.</li> </ul>	<ul style="list-style-type: none"> <li>Condition for staying member</li> </ul>
	<ul style="list-style-type: none"> <li>Filling in data for impact measurement system</li> </ul>	<ul style="list-style-type: none"> <li>Compare with previous data and refine trends</li> <li>Show continuous improvement</li> </ul>

An **organization** shall apply the Union Verification Framework and its Critical Path to all **native natural species** that it uses. The company shall gradually ensure that the Verification Framework is fulfilled along the **supply chains** of its external providers, all the way up to the production level. It has maximum five years to reach full compliance.

### 2.2.3 *Minimum indicators*

The Verification Framework includes 9 clauses that are **minimum indicators** (see below). These have to be satisfied for a prospective member to be accepted (see “Critical Path”).

The **minimum indicators** apply to all native and non-native species used as raw materials by the **organization**, be it a **producer** or a **buyer**. The member’s own operations will need to comply with the minimum criteria from the onset, including any **supply chain** that is fully owned/controlled by the company. The company shall also gradually ensure that the minimum requirements are fulfilled along the **supply chains** of its external providers, initially for **native species**, and then for all raw material procurement..

For **native species**, the minimum requirements shall be met by the external providers within a maximum of 2 years.

**Minimum indicators pertaining to criterion:**

**Clauses**

- |      |   |
|------|---|
| 1.1  | There are no processes to either convert natural <b>habitats</b> to agricultural systems or natural forest to other productive systems.   |
| 1.1. | The <b>organization</b> does not introduce <b>alien species</b> into natural <b>habitats</b> being managed  |
| 2.1  | The <b>organization</b> does not use pesticides 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. |
| 3.1  | There are no disputes related to the use of biodiversity and traditional knowledge of substantial magnitude involving a significant number of interests   |
| 3.2  | The <b>organization</b> avoids immoral transactions in business relations according to international covenants, national law and practices (OECD Guidelines for Multinational Enterprise and UN Convention on Contract for the Sale of Goods)   |
| 4.1  | The <b>organization</b> is currently profitable or has a viable business plan to become so  |
| 6.1  | The <b>organization</b> takes measures to ensure the respect for human rights and there is no evidence of non-respect, nor of restric-  |

- tive/discriminatory policies or practices
- 6.4 The **organization** provides adequate housing where required by workers and potable water to all workers
- 7.1 There are no disputes on land **tenure** and access of substantial magnitude involving a significant number of interests

## 2.2.4 Compliance

The Verification Framework can be used for product or **organization** compliance. In evaluating compliance with the Verification Framework, **verification bodies** will not insist on perfection in satisfying the PC&I. However, failure to meet the **minimum indicators** will prohibit an **organization** from being a member of the Union for Ethical BioTrade.

Additionally, major failures in any individual **Criterion** will normally disqualify a candidate from a B2B claim of compliance with the Verification Framework and may lead to revocation of Union's membership at the end of an organization's Critical Path.

The decisions regarding the importance of failures (major or minor) will be taken by individual **verification bodies** and guided by the extent to which each **Criterion** is satisfied and by the importance and consequences of failures. Some flexibility will be allowed to take account of local circumstances. **The Union's Membership Committee takes the decisions regarding membership.**

Verifiers in the guide document are given as examples of actions that can be used to show compliance with a clause, they do not represent compulsory action

### 2.2.4.1 Producer organizations

Producers that are at the beginning of the **supply chain** should have practices in place that translate the Union's Verification Framework into good practices in the sourcing areas. Producers have five years to implement the Union's Verification Framework and reach compliance. They should prioritise the implementation of their critical path according to volume and risk.

### 2.2.4.2 Buyers

Intermediaries and final product manufacturers, in addition to gradually complying themselves with the applicable criteria of the Verification Framework, should have both procurement and R&D policies and practises in place that effectively promote the implementation of the Ethical BioTrade Principles and Criteria at the level of the member **organization** and its providers. Union members should develop a management system that effectively brings about the implementation of the Union's Verification Framework throughout their **supply chains**. **Buyers'** system shall be applied and effective, monitored and include corrective measures in case of non-compliance with the requirements, either at their level or the level of their providers, up the chain to producers. They have five years to bring their operations in line. A particular attention should be brought to the equitable benefit sharing re-

quirements as they ensure that the responsibility for reaching sustainable practices fall upon all actors in the supply chains, not only producers.

Members are expected to implement their critical paths for their existing species port-folios according to priority (e.g. volume and risk). Emphasis should be put on those aspects that are most relevant for the product's stage of development (e.g. R&D stage, the sales of an established product).

Species that are new in a member's portfolio also have a maximum of 5 years to reach compliance from the moment product development starts. **However, compliance should be reached well within the life cycle of the product.** Besides minimum criteria, aspects relevant at the start of a product life cycle, e.g. pre-informed consent in the beginning of a research project, should be addressed from the start. It is important to emphasise that new products should be developed within a management system that effectively brings about compliance with the Union's Verification Framework as described above.

Auditors will thus need to establish that the **organization** complies with the **minimum indicators**, has a plan to comply within 5 years with the all clauses of the Verification Framework directly applicable to them and that their management system is in place, effective and ensures, within 5 years, compliance by their suppliers.

Sampling will be used to check the compliance up the **supply chain**. The intensity of sampling shall be necessary and sufficient to provide a reasonable assurance of the effectiveness of the systems.

#### 2.2.4.3 Product or organizational system compliance

The Union's verification system applies both to **organizations** and to products:

- as it is a tool to assess whether organizations can become members of the Union and whether their way of conducting their operations are becoming in line with the requirements of the Union, it applies to organizations;
- as it concerns certain product supply chains, it allows also the verification of the products

Members may have an interest in declaring on B2B relations that a certain product and its production method comply with the Verification Framework. For a **producer**, this does not pose major problem and is consistent with usual certification practices. For a **buyer** however, this requires that it specifically indicates to the Verification Body which supply chain it wants to be checked.

The VB should not make any commitment in this respect before evaluating whether the supply chain in question can be satisfactorily taken into account as part of the sampling, or if it should be added to the list. The Union recommends that, if the need of a member can be accommodated without adding extra burden in terms of audit, this be done. However this shall not be at the expense of rigour and the VB should use its best professional judgement in the matter.

In cases of product compliance the Verification Framework only applies to Bio-Trade products.

## 2.2.4 Audit Reports

Reporting on the audits should reflect the philosophy of the Union to encourage progress, and the stage in the Critical Path of the Member in question. Non-conformities should be clearly identified, as much as possible in a way that helps the **organization** to develop its work plan. For example, at the stage of the first audit, differentiating between major or minor non-compliances may help the organization prioritize its work plan. However major non-compliances have no influence on the candidature, unless these concern **minimum indicators**, as conformity with the standard is not required at this stage.

At the stage of the second audit, major non-compliances can lead to failure, but only in relation to important deviations from the work plan or if they concern **minimum indicators**. Should this happen, these specific non-conformities should be clearly identified as such and a short timeframe given for corrective actions. Non-conformities regarding **minimum criteria** should be immediately signalled to the Union.

The identification of significantly misleading reporting in between 3<sup>rd</sup> party audits would normally disqualify a member from membership. However, the decision rests on the Membership Committee, based on the report of the **Verification body**.

The third and subsequent audits resemble certification, as major non-compliances would disqualify the organization from membership. The usual procedures of the VB in case of major non-compliances would then apply, including timeframes for correction.

The **Verification body** shall prepare 2 versions of the report, one complete and one for public visibility. It will submit these to the **organization** and the Union no later than 4 weeks after the end of the audit. The Union will keep the full complete report confidential and will not circulate it outside the Secretariat.

### 1. Full report

In addition to the elements required by the accreditation of the VB, the report shall contain at least the following specific elements:

- the location of the **productive zone**, the geographic coordinates of its boundaries, its surface and a description of the environmental, social and economic situation
- A clear indication whether the **minimum indicators** have been met, as this is a precondition for Union membership, along with objective evidence about compliance.
- The list of strengths and non-compliances. The **Verification body** should keep in mind that:
  - After the first audit, the organisation will use the findings to prepare its work-plan, which will be implemented over a period of maximum five years.
  - At the second audit, non-compliances should be identified not only regarding conformity with the standards, but also regarding the organization's work plan

- An evaluation of the organization's internal monitoring and evaluation system, in the view of its capacity to evaluate progress against its work plan and report to the Union between 3<sup>rd</sup> party audits

## 2. Public report

The public summary of the report will be submitted to the Union Membership Committee and can be made available to a larger public. Therefore all commercially sensitive information shall be removed.

The sector of ingredients for cosmetics and pharmaceutical is particularly sensitive in the sense of confidentiality. In certain cases, simply disclosing the use of a species, for example for research and development purposes, and the place of collection can give serious hint to the competition of the composition of the products and/or the strategic direction the organization is taking. The conflict between the legitimate transparency expected by the public and confidentiality is thus particularly difficult to resolve in the verification of this sector. The Union resolves it by:

- Signing a strict confidentiality agreement with members and prospective members
- Getting the full report – at the level of the secretariat
- Asking the **verification bodies** to submit the public summary to the **organization** and get their approval before releasing it.

However, the public summary shall contain at a minimum the following information:

1. The name and contact details of the **Verification body**, including contact person and website address
2. The date of the audit(s)
3. The date (day, month & year) the public summary was last updated
4. The name and contact details of the **organization** and contact person
5. The region of the **productive zone** and its area
6. The reference to the standard used,
7. The overview of the scope of audit and methodology used,
8. A summary of the organisation(s) audited, including a summary description of its management and **supply chains** (while keeping confidentiality in mind)
9. A statement regarding conformity with minimum criteria,
10. An evaluation of the organization's internal monitoring and evaluation system, in the view of its capacity to evaluate progress against its work plan and report to the Union between 3<sup>rd</sup> party audits
11. The list of main strengths and main weaknesses regarding compliance with the Verification Framework and the organization's own work plan

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## Part III - Guidance for the application of the BioTrade Verification Framework for Native Natural Ingredients

### 3.1 General observations

The Verification Framework forms a complete package to be considered as a whole, and the sequence of the **Principles**, **Criteria** and Indicators (PC&I) does not represent an ordering of priority.

It might be useful for auditors to assess the socio-economic sustainability of the **organization** (Principle 4) at the onset of the evaluation, as economic non-sustainability would jeopardize the whole **organization**.

### 3.2 Scope

This guide is to be used in conjunction with the BioTrade Framework for Native Natural Ingredients (IS 2007-09-20) developed by the Union, which specifically applies to **native natural ingredients**, either collected from the wild or specifically grown for harvesting. It specifies possible interpretations of the requirements of the Verification Framework in different situations in the **supply chain** or methods of production.

### 3.3 Normative references

The following referenced documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

UEBT IS 2: 2007-09-20: *BioTrade Verification Framework for Native Natural Ingredients*

International Labour Organization Core Conventions:

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

*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 C138 Minimum Age Convention 1973*

*ILO C182 Worst Forms of Child Labour, 1999*

*ILO C29 Convention on Forced Labor, 1930*

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

*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.cisg.law.pace.edu/cisg/text/treaty.html>

*UN Convention against Transnational Organized Crime and its Protocols, 2000*

<http://www.unodc.org/adhoc/palermo/convmain.html>

### **3.4 Principles**

#### **Principle 1 Conservation of biodiversity**

*This is the first objective of the Convention on Biological Diversity (CBD): organizations should maintain biological diversity on all scales (genes, species, and ecosystems).*

**Buyers:**

**Organizations** should have a policy or develop activities to promote and raise awareness on the conservation of biological diversity among their providers according to the criteria of this principle.

A monitoring system should be in place to verify the compliance of providers with this principle.

As far as relevant, for example regarding the implantation and/or functioning of a factory or a storehouse, the **organization** itself should equally respect this principle.

**Producers:**

Production practices should be implemented accordingly to the criteria of this **principle**.

## Guidance to Clause 1.1

### Characteristics of *ecosystems* and natural *habitats* of managed species shall be maintained

<b>Minimum indicator 1.1.1:</b>	
	There are no processes to either convert natural <b>habitats</b> to agricultural systems or natural forest to other productive systems.
Buyers:	Directly applicable to its own operations/sites. Additionally, as part of its Critical Path, a buyer should gradually make sure that none of its suppliers contravene this clause. Concerning native ingredients, suppliers should be in line within 2 years.
Producers:	Directly applicable.

**Organizations** should maintain the ecological conditions of the ecosystem where the species are being used and activities should not threaten such species.

*Note: the term “managed species” in the clauses refers to species being used, i.e. from wild collection and cultivated*

The application of this **criterion** will depend on the size and complexity of the **organization** and what can be reasonably expected from it. For example, a full fledged environmental impact assessment (EIA) cannot be expected, unless the operations are important and happening in a very sensitive area, or when it is required by legislation, in application of **principle 5**. However, the **organization** should be able to demonstrate that it has explored the potential risks and has taken measures to avoid them, if any have been identified. Monitoring (**Criterion 2.1**) should be in place to continuously adapt management practices in view of changes happening on the ground

- Buyers:** A **buyer** should have a basic knowledge of relevant information on the **ecosystems** where the species come from according to indicators 1.1.1 and 1.1.2.
- It should be aware of the production practices implemented by its suppliers and possible effects on the maintenance of **ecosystems’** characteristics according to indicators 1.1.3, 1.1.4, and 1.1.5
- Producers:** Production practices should allow the maintenance of the ecological conditions of the **ecosystem** where the species are being used according to indicators 1.1.1 and 1.1.2. Production activities should threaten neither the species used nor their **ecosystems**, according to indicators 1.1.3, and 1.1.5 and

If chemical inputs are used, they should be restricted to cultivation areas and measures to avoid the effects on natural **ecosystems** should be in place.

**In addition to the minimum indicators, the indicators that need to be fulfilled for full compliance with Clause 1.1 are:**

- 1.1.2 Threatening conditions or risks to the **ecosystem** and the **habitats** where the species are being managed have been identified and measures taken to address them
- 1.1.3 Practices that promote biodiversity conservation and/or restoration of the **ecosystems** or **habitat of endangered species** (as defined by local authorities and complemented by relevant international NGO's) where productive species are being managed, are promoted and/or implemented by the **organization**  
Possible verifiers:
- a. Active reforestation takes place
  - b. Existing forested areas are maintained and/or restored
  - c. **Habitat** destruction/modification and/or hunting is prohibited
  - d. Environmental education takes place
  - e. Maintenance or extension of natural vegetal cover (hedges, forest fragments)
  - f. Existence of clear zoning of areas dedicated to production and conservation
  - g. The productive system is diverse and in the case of non-perennial crops there are established plans for crop rotation, grazing itineraries and stubble burning
  - h. Appropriate management of soil, soil-nutrients and erosion
  - i. Fragments or remnants of natural forest are protected and management practices to ensure their conservation are implemented
  - j. A system of integrated management of pests and diseases is in place
- 1.1.5 Main interactions between managed species and other organisms and that could be related to their production (e.g. regeneration, pollination, seed dispersion, micro-habitats) are identified, and measures to maintain and/or restore them are defined and implemented.

**Minimum indicator 1.1.4:**

The **organization** does not introduce **alien species** into natural **habitats** being managed

#### Guidance to clause 1.2

#### Genetic variability of flora, fauna and micro-organisms (for use and conservation) shall be maintained

*Genetic variability is a vital element in ensuring the conservation of biodiversity. Therefore, genetic variability should be protected or managed in such a way that risks of losing it are avoided.*

**Buyers:** A **buyer** should have at least some knowledge (depending on its size) of the genetic diversity and the **ecosystems** of the species it is buying.

Purchasing policies should favor diversity of varieties, i.e. they should not result in the systematic selection of specific specimens and consequently affect the genetic diversity of native varieties.

**Producers:** Production practices should not affect the diversity of the **ecosystems** and the species according to 1.2.1 and 1.2.2.

Practices that promote the diversification of production systems should be implemented in the case of cultivated species.

In case of domestication, the practices implemented do not promote the selection of individuals with some preferred characteristics to a point where the genetic variability of the species could be compromised.

If production activities are developed in natural **ecosystems**, there are mechanisms to allow the genetic exchange according to 1.2.2.

**The indicators that need to be fulfilled for full compliance with Clause 1.2 are:**

- 1.2.1 The **organization** takes measures to maintain the varieties and wild relatives of the species being managed.
- 1.2.2 Where necessary to maintain the genetic diversity of the managed species, the **organization** takes measures to connect fragments and remnants of natural vegetation to favor genetic exchange in the managed area.
- 1.2.3 **Genetically modified organisms** are excluded from the productive systems and all associated operations

**Guidance to clause 1.3**

**Activities shall be developed taking into account, if they exist national or local authority management plans for natural *habitats***

*Coherence among existing management and conservation plans is necessary in the areas where the activities of production are carried out so that the practices developed by the **organization** favor the implementation of these plans. These management plans could be developed by national authorities, local governments or other stakeholders.*

*This **criterion** concerns plans that might already be operational or in a late stage of development in the production areas, not the management plan that the **organization** itself may have. If it exists, the latter should be compatible with the former.*

**Buyers:** A **buyer** should identify whether activities in the collection or cultivation areas are regulated by existing management plans or other directive documents that regulate their potential use according to the indicator 1.3.1. In case where there is a management plan or a directive document for the collection/cultivation areas, these documents should have been analyzed and the **buyer** should be aware of the production practices that can be implemented in those areas, according to the indicator 1.3.2.

**Producers:** Production practices should be implemented according to existing management plans, directive documents or conservation strategies that regulate the use of the collection/cultivation areas, according to 1.3.1 and 1.3.2 in the Verification Framework.

**The indicators that need to be fulfilled for full compliance with Clause 1.3 are:**

- 1.3.1 These existing management and conservation plans are identified in the areas of collection or cultivation.
- 1.3.2 Management of wild species or cultivation activities are compatible with the strategies of use and conservation stipulated in natural areas (e.g. management plans, existing conservation strategies).

**Principle 2 Sustainable use of biodiversity**

*This **principle** supports the implementation of the second objective of the CBD. BioTrade products should be derived from systems that are sustainable regarding both the resource being used and the **ecosystem** involved. The aim is that the use of a species or **ecosystem** is not higher than its regenerative and/or productive capacity. **Organizations** should define instruments for the application of good management and monitoring practices to guide, design and improve the production processes used.*

**Buyers:**

A **buyer** should have a policy or develop activities to promote and raise awareness on the implementation of **sustainable use** practices among its suppliers according to the **criteria** of this **principle**.

It should have a written policy on good practices that guide its suppliers in the implementation of the **criteria** of this **principle**. This policy could be reflected in manuals, information documents or training programmes targeted to suppliers.

A monitoring system should be in place to verify suppliers' compliance with this **principle**.

**Producers:**

Production practices should be implemented accordingly to the **criteria** of this **principle**.

## Guidance to clause 2.1

The use of natural resources shall be supported by management documents addressing, *inter alia*: harvest rates, monitoring systems and productivity indexes and regeneration rates

### **Minimum indicator 2.1.7:**

The **organization** does not use pesticides 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.

**Buyers:** Directly applicable to its own operations. Additionally, as part of its Critical Path, a buyer should gradually make sure that none of its suppliers contravene this clause.

**Producers:** Directly applicable.

*Management documents are essential in identifying the fundamental processes, defining the necessary activities to ensure the **sustainable use** of biological resources, and facilitating the monitoring of activities and their impact.*

*The management document should be adapted to whether production activities are based on collection or cultivation, or a mix of both. This **criterion** does not necessarily imply the use of a management plan as usually understood, as the document should be appropriate to the size and complexity of the **organization** and its production practices. The content should address the information required in indicators 2.1.1 – 2.1.6.*

**Buyers:** A **buyer** should have a basic knowledge of the collection/cultivation areas.

According to 2.1.2, basic information about suppliers should be available. In the case that other providers (intermediary suppliers of the **organization**) have a direct relationship with collectors and farmers, there should be a mechanism to ensure that these **actors** themselves have a list of suppliers and other basic information about location, land **tenure**, etc.

According to the indicators 2.1.3, 2.1.4 and 2.1.5, a **buyer** should implement mechanisms to verify if its providers make a **sustainable use** of the raw materials according to the characteristics of the species and the scale of the intervention.

If collected species are located in fragile **ecosystems**, or local communities do not have the capacity to implement a management plan by themselves, the **buyer** should support its suppliers in the elaboration and implementation of management documents according to indicators 2.1.3, 2.1.4 and 2.1.5

**Producers:** Indicator 2.1.2 is applicable only if the **producer** buys raw material from others.

Good collection and cultivation practices should be implemented according to 2.1.4. According to the scale and sensitivity of the intervention, practices may be defined for each species or combined for several species into, for example, a manual of good practices. The more sensitive or important the intervention, the more detailed the practices should be. The time frame for the periodic review detailed in 2.1.6 is annual.

*Note: the term “management of the resource” in the clauses refers to species being used, i.e. from wild collection and cultivated.*

**The indicators that need to be fulfilled for full compliance with Clause 2.1 are:**

- 2.1.1 Collection or cultivation areas are clearly identified.
- 2.1.2 There is an up to date list of suppliers, collectors or producers and information relating to location, land **tenure** and productive activities. There is also identification of other non UEBT **organizations** operating in the same area and their potential impact
- 2.1.3 For collected species, the harvest rate is based on an assessment of the managed populations that defines general characteristics of the population and identifies gaps in information for wild management.
- 2.1.4 Harvest rates must be sustainable in the long-term
- 2.1.5 Collection and/or cultivation practices have been defined and put in place based on existing information on the species and the potential **impact** of productive activities on species biology and their **ecosystems**, this is done using a **precautionary approach**
- 2.1.6 A monitoring system is in place that allows continual adjustment of good production practices (harvest rates, collection techniques, agricultural practices) with the aim of guaranteeing an **adaptive management** of the resource. Including a periodic review of operating plans with a clear statement of any changes occurring in collection area

2.18	Negative impacts of productive practices on air quality (e.g. non-controlled burning of forests or grasslands and polluting exhaust fumes from processing plants) are defined and specific practices to prevent or mitigate these are implemented.
2.1.9	Negative impacts of productive practices on water-source and watercourse quality are identified and the mechanism to prevent or mitigate these are in place or implemented
2.1.10	Negative impacts of productive practices on soil quality are identified and mechanisms to prevent or mitigate these are in place
2.1.11	There is no use of <b>agricultural inputs</b> derived from chemical syn-thesis in natural <b>habitats</b> . If products derived from chemical syn-thesis are used by an <b>organization</b> in <b>productive areas</b> then it uses mechanisms to prevent any drift to natural <b>habitats</b>

## Guidance to clause 2.2

### Workers and suppliers shall be trained in the implementation of good collection, cultivation and quality assurance practices

*The **organization's** implementation of **sustainable use** practices depends on the **organization** personnel and suppliers' precise knowledge of the practices to be implemented, according to their responsibilities.*

**Buyers:** Training programmes or tools should be in place according to 2.2.1-2.2.4. According to the scale and sensitivity of the intervention there should be manuals for guide suppliers in the management of the species, including collection/cultivation practices, harvest and post-harvest practices, and other relevant elements that assure the good management of the species and quality of the raw material.

Suggested generic content for these manuals could be: description of the used species (botanical characteristics), harvest practices and techniques, post-harvest techniques.

**Producers:** A **producer** should know the **buyer's** policies related to good management practices and quality requirements. If the **producer** is directly responsible for the implementation of its own management document (management plan or GAP protocol), it should have a training programme or tools to ensure that its workers implement these management documents accordingly.

**The indicators that need to be fulfilled for full compliance with Clause 2.2 are:**

- 2.2.1. A training scheme for suppliers and workers exists.  
Possible verifiers:
  - a. Curriculum of training programmes
  - b. Manuals for collectors/cultivators
- 2.2.2 Field personnel and those working at the processing plant have been trained.
- 2.2.3 The collectors and suppliers are trained to carry out the work of harvesting and/or cultivation.
- 2.2.4 Personnel, collectors and suppliers implement the training.

**Guidance to clause 2.3**

**Appropriate mechanisms shall be implemented to avoid waste of raw material and to reduce the generation of waste.**

*The reduction of waste and maximising the use of the managed resources are aspects that **organizations** should include to reduce their impacts on biodiversity.*

**Buyers:** A **buyer** should be aware of the waste produced by production systems.

It should have mechanisms in place to verify the good management of waste from its suppliers down to producers.

The definition of the **buyer's** quality requirements for raw materials should take the potential waste production of the processes at a local level into account and provide recommendations for the management of waste.

**Producers:** Production practices implement mechanisms to reduce waste generation, according to 2.3.1 and 2.3.2.

A **producer** is responsible for the proper final waste disposal, according to 2.3.3.

**The indicators that need to be fulfilled for full compliance with Clause 2.3 are:**

- 2.3.1 Mechanisms are in place to minimize the waste of raw materials in different phases of production.
- 2.3.2 Measures are in place to manage the waste derived from productive practices, including reuse and recycling activities.

2.3.3	Final waste disposal guarantees the reduction of contamination risks according to national and international regulations and with particular attention paid to water bodies; if necessary by means of an Environmental Impact Assessment.
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#### Guidance to clause 2.4

#### The actors along the *supply chain* shall be identified and organised according to the supply of the resource or the harvesting seasons

*Purchasing of raw materials should be planned according to availability and harvesting seasons. In this way, the **organization** is provided with raw materials of good quality in adequate time and the resources are not exploited when they are unavailable or during periods when harvesting can endanger the survival of the species.*

<b>Buyers:</b>	<p>A <b>buyer</b> should have a purchasing plan according to 2.4.1, 2.4.2 and 2.4.3</p> <p>It should provide its suppliers with a schedule to guide them in the production of the quantities needed throughout the year.</p> <p>The schedule should take phenological cycles into account. If the production of the raw material is seasonal, the <b>buyer</b> should know these seasons and plan its purchasing schedule accordingly.</p>
<b>Producers:</b>	<p>Production practices are implemented according to the purchase schedule provided by the <b>buyers</b>.</p>

#### The indicators that need to be fulfilled for full compliance with Clause 2.4 are:

2.4.1	The <b>organization</b> has a purchasing schedule that details suppliers, seasons and volumes that the <b>organization</b> can purchase in accordance with the quantities and harvesting seasons defined in the management document (see 2.1).
2.4.2	The purchase schedule of raw material is developed in accordance with the phenological cycles of plants (for fruit, flowers or seasonal production of leaves) defined in the management plan.
2.4.3	Suppliers and collectors are informed of these schedules and plan their activities accordingly.

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

*This **Principle** corresponds to the notion of benefit sharing in the CBD. In this convention, the benefit sharing derived from the use of biodiversity is an element of sustainable use (second objective), while the benefit sharing derived from genetic resources corresponds to the third objective of the CBD.*

*In order to guarantee fair and equitable benefit sharing, it is important that beneficiaries have access to the relevant information on the commercialization of Bio-Trade products and services, and that they are involved in the negotiation of prices and trade conditions.*

*This principle is related to criterion 7.2. (“the organization shall use the genetic resources it manages with the prior informed consent of the party that provides them”) and Principle 5. “compliance with national and international legislation”.*

Buyers: In general terms, the **buyer’s** responsibility is to ensure that fair and equitable benefit sharing goes all the way from its stage in the **supply chain** back up to the primary **producers**. Thus, it should ensure that all the **actors** up the **supply chain, starting** from itself, implement the requirements of Principle 3.

In particular, a **buyer** should know if the resource it uses is defined as genetic resources and falls under objective 3 of the CBD. In case of resources are considered as genetic resources, the buyer should follow relevant CBD procedures such as the (voluntary) Bonn guidelines of the CBD.

It should make sure that commercial relationships do not create undue dependency of the weakest participants in the chain on stronger ones. In the contrary, it should build capacity to diminish dependence.

Producers: A production **organization** dealing directly with primary **producers** should make every effort to empower them to effectively negotiate and implement benefit-sharing agreements. In particular, communities should not become dependant on one product or primary **buyer**. Elements in achieving this objective could be providing skills to enable communities to improve their commercial practices and to add as much value as possible to the **supply chain** or to complement strictly commercial relationships with "partnerships" or other types of broader cooperation agreements with external **organizations**.

## Guidance to clause 3.1

**Negotiations and implementation of agreements related to benefit sharing shall be transparent and based on long-term dialogue and trust and shall take place between all *organizations* along the *supply chain***

### **Minimum indicator 3.1.1:**

There are no disputes related to the use of biodiversity and traditional knowledge of substantial magnitude involving a significant number of interests.

**Buyers:** Directly applicable to its own operations. Additionally, as part of its Critical Path, a buyer should gradually make sure that none of its suppliers contravene this clause.

**Producers:** Directly applicable.

**Minimum indicator** 3.1.1 is based on principle 2.3 of the FSC principles and criteria of forest stewardship. Any queries relating to this indicator will be judged on a case by case manner. For purposes of clarification FSC practice will be referred to.

*The interaction of the **organization** with the other **actors** involved in the production and commercialization supports the generation of transparent relationships that facilitate negotiations. Relationships based on trust and long-term mutual benefits are fundamental for equitable benefit-sharing.*

*Elements to consider could include the production and exchange of reliable and relevant information in the course of negotiations and implementation, as well as the way in which this information is presented so that it can be understood and used competently. It should not merely be about the broad participation of actors, but also about measures taken to promote actual dialogue along the **supply chain**.*

**Buyers:** Transparency applies to both **buyers** and **producers** in relation to the link between themselves and the primary production.

**Producers:** Transparency applies to both **buyers** and **producers** in relation to the link between themselves and the primary production.

**In addition to the minimum indicators, the indicators that need to be fulfilled for full compliance with Clause 3.1 are:**

3.1.2 Procedures have been defined and implemented with the collaboration of the actors, to evaluate the needs of the **actors** in the **supply chain** and resolve conflicts, ensuring inclusive and balanced representation of the **actors** along the **supply chain**  
Possible verifiers:

	<ul style="list-style-type: none"> <li>a. stakeholder mapping</li> <li>b. procedures for notification, monitoring of implementation and evaluation of transparency</li> <li>c. interviews with <b>actors</b></li> <li>d. minutes of meetings</li> </ul>
3.1.3	Production and exchange of relevant information occurs in a culturally meaningful and transparent manner.
3.1.4	<p><b>Actors</b> are empowered to use the established mechanisms for transparency and dialogue, if necessary with the support of a <b>third party</b></p> <p>Possible verifiers:</p> <ul style="list-style-type: none"> <li>a. <b>actors</b> have received training in negotiation</li> <li>b. minutes of meetings</li> </ul>

Clause 3.1.3 indicates that any exchange of information should be done in a manner that is understandable to the recipient of the information. For example technocratic language may not be appropriate in a rural community.

#### Guidance to clause 3.2

**Prices shall cover the costs of production according to this Verification Framework and include an adequate profit margin, thus ensuring adequate compensation**

##### **Minimum requirement 3.2.1:**

The **organization** avoids immoral transactions in business relations according to international covenants, national law and practices (OECD Guidelines for Multinational Enterprise and UN Convention on Contract for the Sale of Goods).

**Buyers:** Fully applicable.  
**Producers:** Fully applicable.

*Adequate compensation or adequate prices, which could fall under a broader theme of “fair and equitable commercial relationships”, should be inalienable, i.e. adequate compensation is independent of other monetary or non-monetary benefits.*

*An adequate price should be above traditional market prices for similar non-BioTrade products, include a profit margin that falls within a locally accepted range for such products and operations, and established through a participatory and consensus-based process to adequately evaluate the risks, investment and work along the **supply chain**, including the costs necessary to guarantee economic, social, and environmental*

*sustainability. This process would be particularly important if there were no price for the ingredient in the market.*

*Adequate compensation should allow price renegotiation to address the risk of having a fixed price established for a certain period of time, while market prices rise above the agreed compensation. It should also allow coping with new information regarding its sustainability in the market, particularly for new products (or ones that have no market price). An equitable mechanism for price renegotiation entails transparent negotiations between parties that are empowered to effectively carry out such negotiations. This may imply the provision of capacity building in commercial practices for the weakest **actors** in negotiations, and understanding the different activities involved in the processing of a product, from raw material to finished consumer product.*

*If the knowledge and understanding of a party to the negotiations is clearly less than the other(s), it may be opportune to introduce an independent institution to facilitate a fair agreement.*

**Buyers:** Fully applicable, down to the primary **producers**

**Producers:** Fully applicable

**In addition to the minimum indicator, the indicators that need to be fulfilled for full compliance with Clause 3.2 are:**

- |       |  |
|-------|--|
| 3.2.2 | Agreed commitments are properly documented   |
| 3.2.3 | <p>Prices are based on negotiations that meet the <b>critterion</b> 3.1 and the different cost elements of which the price is composed can be identified</p> <p>Possible verifiers: continuous information on</p> <ul style="list-style-type: none"> <li>a. defined quality</li> <li>b. volume</li> <li>c. service</li> <li>d. good production practices</li> <li>e. production costs and profit margins</li> <li>f. social and technological investment</li> <li>g. target-market prices</li> <li>h. certification costs</li> <li>i. processing/transformation of raw materials</li> <li>j. The cost of increasing technical and commercial skills of <b>producers</b> to reduce dependence on limited number of <b>buyers</b></li> </ul> |
| 3.2.4 | At a minimum, prices cover the cost of production, (including the requirements of this Verification Framework), cost of investment and includes profit margin that provides a good incentive for the suppliers to continue.  |

3.2.5	Prices match or exceed <b>local</b> market prices, if these exist.
3.2.6	Determination of price is independent of other monetary or non-monetary benefits.
3.2.7	Price is periodically reviewed, with the possibility of re-negotiation. Possible verifiers:
	<ul style="list-style-type: none"> <li>a. an established price review mechanism exists</li> <li>b. notification given of price review process</li> </ul>

### Guidance to Clause 3.3

#### The **organization** shall generate sustainable **local** development

*The generation of **local** development corresponds to “other monetary and non-monetary benefits”. As mentioned in the guidance to clause 3.2, this should not be “an excuse” for providing inadequate compensation but should come in addition to it.*

*Other monetary benefits can include: converting the diverse contributions into sustainable business margins; establishing the commercial relationship so as to increase economic benefits; noting the importance of long-term contracts with certain price stability.*

*An important element to consider is whether the benefits (for example creation of a local processing plant) participate in making the actors, particularly the weakest ones, more or less dependent of the stronger organization(s) in the supply chain.*

*Compliance with 3.3.5 should exist from the start or be one of the first items to be complied with in the organization’s work plan as it is supposed to have the baseline established at the time of entering the membership.*

#### The indicators that need to be fulfilled for full compliance with Clause 3.3 are:

3.3.1	The <b>organization</b> generates employment at a <b>local</b> level. Possible verifiers: <ul style="list-style-type: none"> <li>a. number of jobs generated</li> <li>b. purchasing of goods and services</li> <li>c. maintenance of infrastructure</li> </ul>
3.3.2	Throughout the <b>supply chain</b> the <b>organization</b> contributes to continuous improvement in the quality of life of the people and communities living in or around it. Possible verifiers: <ul style="list-style-type: none"> <li>a. long-term contracts</li> </ul>

	<ul style="list-style-type: none"> <li>b. payment in advance</li> <li>c. price stability</li> </ul>
3.3.3	The <b>organization</b> contributes to activities of sustainable <b>local</b> development in coordination with <b>local</b> authorities and civil society.
3.3.4	The <b>organization</b> increases technical and commercial skills of <b>producers</b> and communities to enhance their ability to add value and diminish their dependence on a limited number of products and/or a limited number of <b>buyers</b> .
3.3.5	There should be a baseline throughout whole <b>supply chain</b> that identifies the social conditions in the area from the start of the <b>organization's</b> UEBT membership.
3.3.6	<p><b>Local</b> communities recognize that the activities carried out by the <b>organization</b> promote desirable <b>local</b> development.</p> <p>Possible verifiers:</p> <ul style="list-style-type: none"> <li>a. minutes of <b>local</b> community institutions report desirable development</li> <li>b. interviews with <b>local</b> community people report desirable development</li> </ul>

#### Guidance to clause 3.4

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

*Identifying whether traditional knowledge is relevant in any particular product will be addressed under the transparency **criterion** by asking that **organizations** conduct a proactive and participatory study to determine whether an ingredient is in any way linked to traditional knowledge and who are its rightful owners. For any use of traditional knowledge, compliance with pre-informed consent requirement should be clearly documented.*

*Placing value on traditional knowledge will be treated, for example, by calling for intellectual property rights that reflect their contribution. Whenever relevant, **organizations** may be asked to establish a commercial relationship with the rightful owners of the traditional knowledge.*

##### The indicators that need to be fulfilled for full compliance with Clause 3.4 are:

3.4.1	The <b>organization</b> has policies steered towards maintaining and/or placing value on traditional practices related to good management practices of natural resources.
3.4.2	The use of traditional knowledge is considered along the <b>supply chain</b> and shall be based on the principle of

**prior informed consent**, negotiation procedures consistent with clause 3.1, customs, values and traditional practices of the relevant communities.

Possible verifiers:

- a. Local communities have documents reflecting transparent negotiated agreements
- b. The **organization** has carried out a proactive and participatory study to determine any links to traditional knowledge
- c. There is documented negotiation on how traditional knowledge may be used and built upon
- d. Traditional knowledge is explicitly considered in determining adequate price

3.4.3 Benefits are redistributed according to agreements.

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

*Competitiveness in the field of BioTrade should result in sustainably managed products that are able to position themselves in specific markets and remain there long enough to generate the expected benefits.*

##### Guidance to Clause 4.1

###### **Minimum indicator 4.1.1:**

The **organization** is currently profitable or has a viable business plan to become so.

**Buyers:** The profitability and long-term feasibility of a **buyer** is verifiable according to 4.1.1-4.1.4.

**Producers:** In the case where a **producer** is organized, the profitability and long-term feasibility of the **organization** is verifiable according to 4.1.1-4.1.4.

*To guarantee the generation of expected benefits and the implementation of the BioTrade Principles & Criteria, the **organization** should have an organizational system in place in accordance with its activities, as well as a strategy that shows high potential for financial sustainability in the long-term. 4.1.1 is a **minimum indicator** as there would be little sense in the UEFT including member **organizations** that cannot at least show that they can become profitable and are thus likely to be sustainable. However, the intention is not to exclude small and/or relatively unorganized **organizations** because of their current situation. In case of doubts, auditors should give the benefit of the doubt.*

**In addition to the minimum indicator, the indicators that need to be fulfilled for full compliance with Clause 4.1 are:**

- 4.1.2 The **organization's** structure is in line with its production objectives and size.
- 4.1.3 The **organization** has financial planning tools that provide an indication of its profitability and the feasibility of its long-term business plan.
- 4.1.4 The **organization** has knowledge of the markets and/or strategies to reduce dependence of one product or one **buyer**.

### Guidance to Clause 4.2

**The *organization* shall have enough quality-management capacity to access and remain in the target markets**

*The sustainability of an **organization** depends on its productive capacity according to its clients' demands, particularly in terms of quality.*

- Buyer.** Directly applicable.
- Producer.** A **producer** should keep records of production according to the management document defined in 2.1. Processes should be developed according to the market (buyer's) requirements.

**The indicators that need to be fulfilled for full compliance with Clause 4.2 are:**

- 4.2.1 The **organization** has identified the target markets and the supply and demand of said market
- 4.2.2 The **organization** keeps records and relevant documentation to meet the requirements of the target markets.
- 4.2.3 Products meet the relevant quality standards of the target markets.
- 4.2.4 The **organization** has management capacity to maintain the quality level of its products.

### Guidance to Clause 4.3

**A system of *traceability* shall be in place that allows the identification of the product's origin all along the *supply chain***

*Traceability* is a key factor in ensuring that requirements related to quality, benefit sharing, and conservation and **sustainable use** are transmitted along the **supply chain**. Depending on their size and complexity, **organizations** should include **traceability** in their quality-management system and make it an integral part of their routine business.

*Traceability* also ensures that product origin can be known precisely and that products responding to certain **criteria** (e.g. BioTrade) are not mixed with ones that do not correspond to the said **criteria**. As such it is an important element in market differentiation and building trust amongst consumers.

**Buyer.** Directly applicable. A **buyer** should have a **traceability** system in place that ensures the accuracy of the information required by this **criterion**.

**Producer.** Directly applicable. A **producer** should know the information it has to register and how to keep relevant records.

A **producer** should keep records of basic information on the collection and/or cultivation areas according to the **buyer's** requirements and indicators 4.3.2 and 4.3.3.

#### The indicators that need to be fulfilled for full compliance with Clause 4.3 are:

4.3.1 To facilitate adequate **traceability** along the production chain the **organization** keeps records of basic information on the purchase of raw materials, processed or finished products and processes. The supplier records basic information on the collection and/or cultivation of the species including harvest area workers involved and processes involved

Possible recorded verifiers: records on

- a. location
- b. harvesting time
- c. agricultural inputs used
- d. agricultural/collection practices implemented
- e. quality of raw materials

4.3.2 Critical Control Points to monitor product **traceability** have been identified.

## Principle 5 Compliance with national and international legislation

Compliance with relevant legislation and regulations applicable to BioTrade organizations is fundamental for the legal legitimacy of companies and market access for their products.

The **Criteria** for this **Principle** do not have indicators due to the fact that on an international level, specifying each law from every country is an impossible task.

In each country where a BioTrade operation exists, a list of the relevant laws and regulations, including their relevant points, should be established at the latest before the initial audit. It is however recommended that national BioTrade programmes and regional partners establish such lists in advance to allow **organizations** to assess their own compliance and diminish audit costs.

In any case, the auditor should make sure that the necessary information applicable to the **organization** that will be audited is available before the audit begins.

The adaptation at a national level should at least:

- Take into consideration, *inter alia*:
  - Tributary legislation
  - Agricultural and wild-life legislation
  - Requirements for licences to manage wild resources
  - Quality regulations
  - Legislation on intellectual property
  - Exporting licences
- Analyse existing laws and regulations that conflict with this standard, and propose solutions when such conflicts arise.

The auditor will be particularly careful to evaluate compliance with applicable legislation. The distinction may sometimes be less evident than it appears, particularly the regulation related to the CBD

For example, a given country may have no restriction on collecting a biological resource and/or transforming it, but may prohibit its commercialization. An **organization** collecting and processing in this country, but exporting its products to an area where such restrictions on commercialization do not exist would not be in breach of this legislation. However, if it were to commercialize the product in the country of origin, it could not comply with **Principle 5**.

**Buyers:** Directly applicable. In addition, a **buyer** should assess the risk that its suppliers might not comply with legislation and take measures to avoid non-compliance in its **supply chain**.

**Producers:** Directly applicable.

## Guidance to clause 5.4

The **organization** shall take measures to avoid the illegal use of areas that it manages and/or where resources are used

*It is not enough for the company to meet the regulations applicable to its own activities, but it should also take measures to minimize the risk that illegal activities take place in areas over which it has an influence.*

- Buyers:** Directly applicable. In addition, a **buyer** should assess whether the products it buys come from areas where there is a high risk of illegal uses, and work together with its suppliers from these regions to minimize this risk.
- Producers:** it is not expected that producers will be able to eliminate illegal use in every circumstance, but the measures they take should demonstrably contribute to minimizing its occurrence.

**The criteria that need to be fulfilled for full compliance with Principle 5 are:**

- 5.1 regional The **organization** shall comply with *local*, national, regional and international legislation as well as all administrative requirements related to use and trade of products and services derived from biodiversity  
Note: Conflicts between laws, regulations and the Verification Framework shall be evaluated on a case-by-case basis by the auditors and the involved or affected parties.
- 5.2 All fees, royalties, taxes and other legally applicable charges shall be paid
- 5.3 In the signatory countries, the provisions of all international agreements, such as CITES, the ILO Conventions and CBD, shall be respected
- 5.4 The **organization** shall and take measures to stop or report the illegal use of areas that it manages and/or where resources are used

## Principle 6 Respect for the rights of actors involved in BioTrade activities

The respect of the rights of **actors** that, in one way or another, interact with the **organization** is fundamental to the management of a BioTrade **organization**.

Despite the fact that it is a universal **principle**, respect for human rights needs to be defined further at the **local** level to be consistent with socio-cultural realities. For example, while child labour is condemnable, the situations in which work by children is acceptable or not change from place to place. These changes can relate to the age, the family situation, relation to access to education, or the type of work. Frequently this interpretation is provided by the national legislation and the information on the legal requirements necessary for implementing or verifying **Principle 5** should include the respect for human rights.

### Guidance on Clause 6.1

#### The **organization** respects human rights

##### **Minimum indicator 6.1.1:**

The **organization** takes measures to ensure the respect for human rights and there is no evidence of non-respect, nor of restrictive/discriminatory policies or practices.

##### **Buyers:**

Directly applicable to its own operations. Additionally, as part of its Critical Path, a **buyer** should gradually make sure that none of its suppliers contravene this clause.

##### **Producers:**

Directly applicable.

*Human rights are fundamental to the work of all those involved in the sustainable trade of biodiversity products. They should therefore be duly recognised and respected.*

*6.1.1: restrictive/discriminatory practices or policies could include discriminating against the hiring of certain groups of people based on their age, gender, race or social condition. The fact that there is no evidence of such practices via documentary research and interviews with internal and external stakeholders can bring a sufficient level of assurance.*

*6.1.3: "equality" addresses gender, race, religion.*

*The existence of specific policies needs to be considered in relation to the size and sophistication of the **organization**. In some situations this indicator may not be applicable, in which case the absence of evidence of abuse may prove a sufficient indication.*

**Buyers:** Directly applicable. In addition, a **buyer** should assess the risk that its suppliers do not respect human rights and, in case of doubt, should take every measure to avoid this happening. If no other satisfactory solution to resolve human right abuse in the **supply chain** is offered, the buyer may be expected to change supply sources.

**Producers:** Directly applicable, but needs to be interpreted in the **local** context.

**In addition to the *minimum indicator*, the indicators that need to be fulfilled for full compliance with Clause 6.1 are:**

- 6.1.2 The **organization** respects the ILO Core Conventions on Forced Labour (ILO Convention 29), 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 the Elimination of the Worst Forms of Child Labour (182), and the UN Convention against Trans-National Organized Crime, Protocol on Trafficking and Smuggling.
- 6.1.3 The **organization** has policies that promote equality of treatment and sensitize its staff about the issue.  
Possible verifiers:
- a. employees possess handbooks on organizational policy
  - b. there are signed and dated records to indicate that employees have read and understood the organizational policy

## Guidance on Clause 6.2

***The organization shall respect national and international laws on the rights of local communities and indigenous peoples***

*These rights include, inter alia, territory and culture. **Local communities and indigenous peoples** are for the most part essential **actors** in the commercialisation of biodiversity-based products. To guarantee sustainable trade, the impacts of the production system on these groups should be identified and their rights duly respected.*

**Buyers:** A **buyer** should make every reasonable effort to ensure that its suppliers comply with this clause. To do so, it should have a basic knowledge of these rights and be able to assess the risk that its suppliers infringe on them.

It should know of and have access to the producer's policies in the respect.

**Producers:** Directly applicable. It may be desirable that the producing **organization** carries out a proactive study on the existence and extent of these rights. This study could be done in correlation with the one related to traditional knowledge. The size, complexity and sensitivity of the operations should be taken into consideration when assessing the degree of compliance with this **criterion**.

*Note: the term "management of the resource" in the clauses refers to species being used, i.e. from wild collection and cultivated.*

**The indicators that need to be fulfilled for full compliance with Clause 6.1 are:**

- 6.2.1 Where productive activities are developed in territories of **local** communities, the **organization** has a specific policy to ensure that their rights are not affected or infringed.
- 6.2.2 **Indigenous peoples** 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 peoples** are clearly identified in cooperation with such peoples, and recognized and protected by those responsible for the management of the resources.

**Guidance on Clause 6.3**

**The *organization* shall ensure that its activities have no negative impacts on the health and safety of surrounding populations**

**The indicators that need to be fulfilled for full compliance with Clause 6.3 are:**

- 6.3.1 The **organization** has identified the potential impacts of its activities on surrounding populations.
- 6.3.2 The **organization** takes measures to avoid any negative impacts and optimize positive impacts

## Guidance on Clause 6.4

### The *organization* shall provide adequate working conditions

**Minimum indicator:**

The **organization** provides adequate housing where required by workers and potable water to all workers.

**Buyers:**

Applicable. In addition, a **buyer** should make sure that none of its suppliers contravene this clause.

**Producers:**

Directly applicable.

*In more general terms:*

**Buyers:**

Directly applicable. In addition, a **buyer** should make every reasonable effort to ensure that its suppliers comply with this clause.

**Producers:**

Directly applicable.

**In addition to the *minimum indicator*, the indicators that need to be fulfilled for full compliance with Clause 6.4 are:**

- 6.4.2 Where possible, the **organization** issues long-term contracts to its employees.
- 6.4.3 The **organization** ensures adequate working conditions and social security for its employees, (this includes health services and education).
- 6.4.4 The **organization** offers its workers training programmes and career development opportunities, and promotes proper working conditions among its suppliers.

## Guidance on Clause 6.5

### The organization shall threaten neither food diversity nor food security

*The development of commercial activities in relation to natural resources can change the customs of **producers** and the dynamics of local markets. This can happen in such a way that traditional practices of production are affected as well as the availability and price of basic products for the food security of **local** populations.*

*Note: Even if introduced species cannot be commercialized as a BioTrade product, the use of such species is allowed to ensure diversification and food security.*

**Buyers:** A **buyer** should make every reasonable effort to ensure that its suppliers comply with this clause.

**Producers:** Directly applicable.

#### The indicators that need to be fulfilled for full compliance with Clause 6.5 are:

- 6.5.1 Impacts on food diversity and food security that could be generated by productive activities have been identified.
- 6.5.2 The **organization** undertakes specific activities to eliminate its negative impacts on food diversity and food security.

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

Clarity about rights of access is a very important element in the responsible management of an **organization**. Only then can long-term investments be made or can corresponding management measures be implemented to ensure sustainability. At the same time, clarity on this issue means that the responsibilities of each **actor** in the management of the species can be established.

### Guidance on Clause 7.1

#### The organization shall use land according to relevant tenure regulations

##### **Minimum indicator 7.1.1:**

There are no disputes on land tenure and access of substantial magnitude involving a significant number of interests.

Note: The circumstances and status of any outstanding disputes will be explicitly considered in the verification evaluation.

##### **Buyers:**

Directly applicable to its own operations. Additionally, as part of its Critical Path, a **buyer** should gradually make sure that none of its suppliers contravene this clause.

##### **Producers:**

Directly applicable.

*In general terms:*

##### **Buyers:**

A **buyer** should make every reasonable effort to ensure that its suppliers comply with this clause.

##### **Producers:**

A **producer** should be able to demonstrate it has the right to use the land and the resources.

It should not encroach upon the existing rights of **local** communities. In cases where there are conflicts over the use of land, where, for instance, traditional rights contradict legal rights, the **organization** should have the mechanisms to resolve such conflicts in a way that is satisfactory to all parties.

**In addition to the *minimum indicator*, the indicators that need to be fulfilled for full compliance with Clause 7.1 are:**

##### 7.1.2

Land **tenure** and the rights to use the resources are clearly defined (e.g. property titles, leasing contracts, permits, evidence of customary rights).

- 7.1.3 Community resources and tenure rights are not directly or indirectly threatened or limited by the management of resources.
- 7.1.4 Appropriate mechanisms shall be employed to resolve disputes over **tenure** claims and use rights.

#### Guidance for clause 7.2

The **organization** shall use the genetic resources it manages with the prior informed consent of the party that provides them

*An organization should be able to demonstrate that it has obtained the consent of the owners of any genetic resource it has gotten access to. For example, material transfer agreements are a good way to demonstrate such compliance. In addition, for an **organization** to demonstrate that it adequately compensates the parties that supply the genetic resources, it is important for the latter to understand the conditions and real value of these resources (see Principle 3). These cases are normally regulated by national legislation, according to the CBD (see Principle 5).*

*Note: reference should be made to the CBD and/or national legislation to interpret this **criterion**.*

**Buyers:** The **buyer** should make every reasonable effort to ensure that its suppliers comply with this clause. Buyers should

**Producers:** Directly applicable.

#### The indicators that need to be fulfilled for full compliance with Clause 7.2 are:

- 7.2.1 The **organization** has carried out an administrative procedure soliciting access to the **genetic resources**.
- 7.2.2 The **organization** can provide the contracts obtained for access to this resource.