

BioTrade Verification Framework for Native Natural Ingredients

Union for Ethical BioTrade (UEBT)

International Standard 1

Proposed Draft 3 - Clean

2007-06-20

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This document has not been officially edited.

Terms in ***Bold Italics*** are defined in the definition section

Introduction to Draft 3

Background

In order to support effective differentiation of BioTrade products in target markets the UNCTAD BioTrade Initiative is supporting the development of a *BioTrade verification system*. This will back organizations looking to lead the way and make a positive contribution to sustainable development and the objectives of the Convention on Biological Diversity through their policies on quality, sustainable sourcing and corporate social responsibility.

As part of this activity, a review of the main existing certification schemes has shown that none completely covers the issues addressed by the BioTrade Principles and Criteria (BT P&C). This has led to proposing a system that draws on the lessons learned by existing verification and certification schemes, and that is innovative and specific to BioTrade.

The BioTrade verification system will offer organizations a system of verification for activities carried out in accordance with the BT P&C for a particular product. The verification can be used in business-to-business relations and can provide third-party backing for organizations when reporting to shareholders and social/ecological accounting initiatives. It is not a labelling scheme and will not provide on-product claims of compliance.

One of the reasons for the establishment and development of the *Union for Ethical BioTrade (UEBT)* is to administer the BioTrade verification system. Members of this Union commit to the gradual compliance with the BT P&C. Because this needs to be authenticated, a Verification Framework (standard) for BioTrade products has been formulated. The Verification Framework can be used for developing critical paths (gradual implementation) for ***organiza-***

tions to comply with the BT P&C, for verifying compliance with them or as a basis for developing bridging certification protocols with existing certification schemes.

In addition to verification, members of the Union may benefit from technical assistance and best-practice guidelines for sustainable production and ethical business practices to comply with BT P&C. They will have access to other organizations that offer or require goods and services that are produced ethically in the social, environmental and economic dimensions, are of defined quality, and are traditional, yet often innovative.

Given the UNCTAD BioTrade Facilitation Program's (BTFFP) experience in supporting the **supply chain** of natural ingredients, this sector was selected as one of the priorities for the development of a Verification Framework derived from the BioTrade Principles and Criteria.

The natural ingredients sector includes non-timber, cultivated and non-cultivated natural products, which are used in the production of ingredients for the cosmetic, pharmaceutical and food industries.

Consultation process

In order to develop a system that is cost-effective and practical, a series of field tests were carried out to draft this framework. In July 2006, the BTFFP held a workshop in Lima, Peru, where results of these field tests were discussed. The event allowed participants (including, private sector, verifiers, Ministries of Environment, BioTrade programs and NGOs) to exchange views related to the topic, and facilitated a constructive international dialogue, and ideas that were taken into serious consideration in the first draft of this Verification Framework. The first draft was the subject of a 60-day consultation that gave rise to a series of comments, which were addressed to produce a second draft.

After a 120 day consultation process on the second draft of the framework document the comments received were analyzed by the standard committee and where appropriate incorporated into the third draft.

This document is the third and final draft of the Verification Framework and will be placed on ECL Web-Machine for a 30 day validation period. You are encouraged to vote on the document by using the ECL WebMachine, which has been set up to facilitate web-based consultations on standards (www.ECLspace.org).

During the validation process participants may, accept the third draft with no comments, accept the draft with comments, reject the draft with comments or abstain. A validation of the documents is subject to the double threshold:

- 1) two third majority of the voters weighted according to their interest group (developed or developing country, either social, economic or environmental), each group having the same total voting power, independently of the number of participant in the interest group,
- 2) simple majority within each of the interest group

If the third draft is accepted, any comments received will be used during completion of a revision document (usually within a five year period). If participants do not validate the third draft a further iteration of the draft will be produced incorporating the comments given by participants.

The Verification Framework Document will be accompanied by an auditors guide document to aid the implementation of the framework

Note: this introduction will be deleted from the final version of the document.

BioTrade Verification Framework for

Native Natural Ingredients

DIS 2007-06-10

Introduction

A growing number of private-sector organizations are looking to lead the way and make a positive contribution to sustainable development and the objectives of the Convention on Biological Diversity in recognition of their policies on quality, sustainable sourcing and corporate social responsibility.

The Union for Ethical BioTrade brings together organisations 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 were developed by the UNCTAD BioTrade Initiative. Members' efforts are measured against an internal verification framework that follows these BioTrade Principles and Criteria.

This is the UEBT's first internal standard: the Verification Framework for Native Natural Ingredients. It has been prepared following a lengthy, 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 following the ISEAL Code of Food Practice for Setting Social and Environmental Standards.

Structure:

Scope: This gives the range of application and operation of the Verification Framework.

Normative references: These are documents essential for understanding and applying the Verification Framework.

Terms and Definitions: These define the limits and significance of descriptions used in the Verification Framework.

Principles, Criteria and indicators: the set of requirements of the Verification Framework.

The Verification Framework for Native Natural Ingredients comes accompanied by a Guidance Document for auditors, which is also an aid to buyers and producers wishing to apply the verification framework.

I. Scope

The UEBT Verification for Native Natural Ingredients defines the general requirements necessary for its members to comply with BioTrade Principles and Criteria (BT P&C). This verification framework applies to native natural ingredients, either collected from the wild, or cultivated for harvesting in the area where they are naturally distributed.

The term "**native**" applies only to species collected or produced in their original distribution areas.

Native natural ingredients may include, for example: essential oils: *Lippia alba* (cultivated), *Bursera graveolens* (wild), vegetal oils, such as: *Shea butter* (wild in community lands), *Oenocarpus oil* (wild) and colorants, like *Genipa americana* (wild). The standard does not include naturalized species, that is species introduced via human means outside their natural area of distribution.

The verification framework can be used for verifying the compliance of UEBT members with the BT P&C or as a basis to develop bridging certification protocols with existing certification schemes. It can be used for product or **organization** compliance. As part of the Critical Path each member of the UEBT has to undergo (see box 1), the Verification framework is used as a basis to define a work plan towards full compliance and evaluate progress against this work plan.

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 (see box 2) will prohibit an organization from being a member of the UEBT. Further to this, buyers must gradually ensure that the minimum indicators are fulfilled along their supply chain (see Diagram 1). Major failures in any individual **Criterion** will normally disqualify a candidate from a claim of compliance with the Verification Framework or may lead to revocation of UEBT membership at the end of an organization's Critical Path. These decisions 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.

Compliance with the BT P&C can be claimed on business-to-business communication only.

The local application of this verification framework may require the definition of audit protocols stipulating further its indicators. Indications on how to interpret the framework at different levels of the supply chain are provided in detail in the guidance document. Diagram 1 summarizes this graphically.

The Verification Framework is applicable to any UEBT member that wishes to:

- Implement, maintain and improve its conformity with the BioTrade Principles and Criteria.
- Develop critical paths (gradual implementation) to comply with the BioTrade Principles and Criteria.
- Assure itself that it conforms with this verification framework.

Critical Path for members of the UEBT

- **Step 1: Self-evaluation and commitment:** Organization ensures compliance with minimum indicators and develops a work plan for full compliance
- **Step 2: Third party audit:** Third party checks minimum indicators are fulfilled and evaluates organization's auditing capacity.
- **Step 3: Defining the implementation work plan:** Workplan for full compliance is evaluated by 2nd and 3rd party parties
- **Step 4: Implementation and verification of the work plan implementation:** Work plan implemented with yearly evaluations until fourth year when 3rd party audit verifies progress and may adjust work plan to maximize probability of compliance at year 5
- **Step 5: Compliance and continuous improvement:** After 3rd party verification of full compliance to UEBT framework in a maximum of 5 years the organization may claim compliance on business to business communication. Three yearly 3rd party audits will verify continuous compliance necessary for continued UEBT membership.

(For a more detailed description of the Critical Path see guide document).

Box 1 - Critical Path

- Seek verification/certification/registration of its conformance with this verification framework and demonstrate this to others

Minimum indicators pertaining to criterion:	Clauses
1.1	There are no processes to either convert natural habitats to agricultural systems or natural forest to other productive systems.
1.2	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.
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 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)
4.1	The organization is currently profitable or has a viable business plan to become so
6.1	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
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
Box 2 - Minimum indicators	

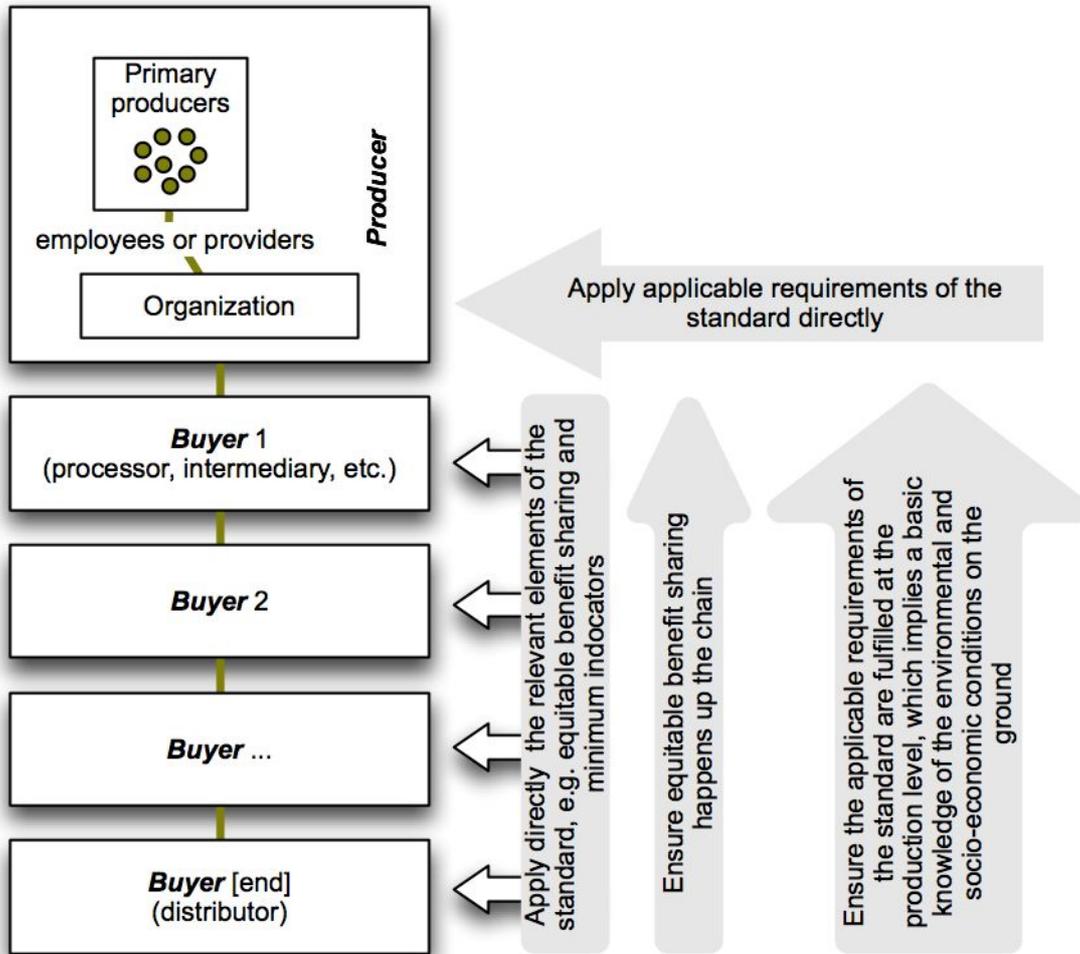


Diagram 1 - application of the verification framework at different levels of the supply chain

II. Normative references

The following referenced documents are indispensable for the application of this document.

UEBT Guide 1:2006, *Guidance for the use of the Framework for the verification of BioTrade organizations trading 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

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

UN Convention against Transnational Organised Crime and its Protocols, 2000

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

III. Terms and definitions

For the purposes of this verification framework, the following definitions apply:

Actors: people or organizations that play a role in the Bio-Trade. (Bio-Trade Initiative, Implementation Strategy).

Adaptive management: management that allows for the implementation of corrective measures in systems on an ongoing basis, based on a process of continued monitoring. (Convention for Biological Diversity, Addis Ababa Guidelines and Principles for the Sustainable Use of Biodiversity, 2004).

Note: In the case of management of biological resources, adaptive management is different from the monitoring of the impacts (environmental, social and economic) on the eco-systems and populations resulting from the use of biological resources.

Agricultural inputs: range of fertilizers, insecticides, herbicides, fungicides, hormones and other chemical inputs, which are used in cultivation. (BioTrade Initiative, Implementation Strategy).

Agro-biodiversity: The variety and variability of animals, plants and micro-organisms that are used directly or indirectly for food and agriculture, including crops, livestock, forestry and fisheries. (Food and Agriculture Organization of the United Nations 2004).

Buyer: organization that buys and process raw or semi-finished BioTrade products or services, but has no direct contact with primary producers. (UEBT 2006)

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).

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)

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

Genetic resources: genetic material of actual or potential value. (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 UEFT and the first step on the Critical Path to complying with the BioTrade Principles and Criteria (UEFT, 2007)

Native/indigenous species: species, subspecies, or lower taxon, living within its natural range (past or present) including the area which it can reach and occupy using its natural dispersal systems (modified after CBD, GISP by International Council for the Exploration of the Sea. Code of Practice on the Introduction and Transfer of Marine Organisms, 2005)

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 standard. (Bio-Trade Initiative, Implementation Strategy)

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

Precautionary Approach: A decision to take action, based on the possibility of significant environmental damage, even before there is conclusive, scientific evidence that damage will occur. (European Commission 1999).

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 UEFT Verification Framework (UEFT, 2006)

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

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, 2004)

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)

Traceability: capability for tracing 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.

IV. Principles

1 Conservation of biodiversity

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

- 1.1.1 Minimum indicator: There are no processes either to convert natural *habitats* to agricultural systems or natural forest to other productive systems.
- 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 **ecosystems** or habitats of **endangered species** (as defined by local authorities and complemented by international NGO's), where productive species are being managed, are promoted and/or implemented the **organization**.
- 1.1.4 Minimum indicator: The **organization** does not introduce alien **species** into natural habitats being managed.
- 1.1.5 Main interactions between managed species and other organisms that could be related to the production capacity (e.g. regeneration, pollination, seed dispersion, microhabitats) are identified, and measures to maintain and/or restore them are defined and implemented.

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

- 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 favour genetic exchange in managed area
- 1.2.3 **Genetically modified organisms** are excluded from the productive systems and all associated operations

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

- 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).

2 Sustainable use of biodiversity

- 2.1 The use of natural resources shall be supported by management documents addressing, *inter alia*: harvest rates, monitoring systems, productivity indexes and regeneration rates**
- 2.1.1 Collection or cultivation areas are clearly identified.
 - 2.1.2 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 **eco-systems**, and this has been 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 an periodic review of management documents with a clear statement of any changes occurring in collection area
 - 2.1.7 Minimum indicator: 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*.
 - 2.1.8 Negative impacts of productive practices on air quality are identified 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 **agricultural inputs** derived from chemical synthesis in natural **habitats**. If products derived from chemical synthesis are used by an **organization** in productive areas then it uses mechanisms to prevent any drift to natural **habitats**

- 2.2 Workers and suppliers shall be trained in the implementation of good collection, cultivation and quality assurance practices**
- 2.2.1. A training scheme for suppliers and workers exists.
 - 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.
- 2.3 Appropriate mechanisms shall be implemented to avoid waste of raw material and to reduce the generation of waste**
- 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 ensures the reduction of contamination risks, paying a particular attention to water bodies, if necessary by means of an Environmental Impact Assessment.
- 2.4 The actors along the supply chain shall be organised according to the supply of the resource or the harvesting seasons**
- 2.4.1. The **organization** has a purchasing schedule that details suppliers, seasons and volumes that the **organization** can purchase in accordance with the quantities and harvesting seasons defined in the management documents (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 documents.
 - 2.4.3. Suppliers and collectors are informed of these schedules and plan their activities accordingly.

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

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

- 3.1.1 *Minimum indicator:* There are no disputes related to the use of biodiversity and traditional knowledge of substantial magnitude involving a significant number of interests.
- 3.1.2 Procedures have been defined and implemented with the collaboration of the **actors**, to evaluate the needs of **actors** in the **supply chain** and resolve conflicts, ensuring inclusive and balanced representation of the **actors** along the **supply chain**
- 3.1.3 Production and exchange of relevant information occurs in a culturally meaningful and transparent manner.
- 3.1.4 **Actors** are empowered to use the established mechanisms for transparency and dialogue, if necessary with the support of a third party

3.2 Prices shall cover the costs of production according to this verification framework and include an adequate profit margin, thus ensuring adequate compensation

- 3.2.1 *Minimum indicator:* The **organization** avoids immoral transactions in business relations according to international covenants, national law and practices (OECD Guidelines for Multinational Enterprises and UN Convention on Contracts for the Sale of Goods).
- 3.2.2 Agreed commitments shall be properly documented
- 3.2.3 Prices are based on negotiations that meet the **criterion** 3.1 and the different cost elements of which the price is composed can be identified
- 3.2.4 At a minimum, prices cover the cost of production (including 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 **local** 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.

- 3.3 The *organization* shall generate sustainable *local* development**
- 3.3.1 The *organization* generates employment at a *local* level.
 - 3.3.2 Throughout the **supply chain** the organization contributes to continuous improvement in the quality of life of the people and communities living in or around it.
 - 3.3.3 The *organization* contributes to activities of sustainable *local* development in coordination with *local* authorities and civil society.
 - 3.3.4 The *organization* increases technical and commercial skills of producers 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 **buyers**.
 - 3.3.5 There should be a baseline throughout the whole **supply chain** that identifies the social conditions in the area from the start of **organization's** UEBT membership
 - 3.3.6 *Local* communities recognise that the activities carried out by the *organization* promote desirable *local* development.
- 3.4 Use of traditional knowledge shall be recognized, promoted and adequately compensated**
- 3.4.1 The *organization* 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** shall be considered all along the supply chain 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.
 - 3.4.3 Benefits are redistributed according to agreements.

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

4.1 The organization shall demonstrate sound and sustainable financial management

- 4.1.1 *Minimum indicator:* The **organization** is currently profitable or has a viable business plan to become so.
- 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**.

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

- 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.

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

- 4.3.1 To facilitate adequate traceability along the production chain, the organization keeps record 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 the harvest area, workers involved and processes involved.
- 4.3.2 Critical Control Points to monitor product traceability have been identified.

5 Compliance with national and international legislation

- 5.1 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.**
- 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 know and take measures to stop or report the illegal use of areas that it manages and/or where resources are used.**

6 Respect for the rights of *actors* involved in BioTrade activities

6.1 The **organization** respects human rights

- 6.1.1 *Minimum indicator*: 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.
- 6.1.2 The **organization** respects the ILO Core Conventions on Freedom of Association and Protection of the Right to Organize (87), on the Right to Organize and Collective Bargaining (98), on Equal Remuneration (100), on the Abolition of Forced Labour (105), on Discrimination (Employment and Occupation (111), on the Minimum Age Convention (138), on 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.

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

- 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 recognised and **protected** by those responsible for the management of the resources.

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

- 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

6.4 The *organization* shall provide adequate working conditions for its employees

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

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)

6.4.5 The ***organization*** offers its workers training programmes and career development opportunities, and promotes proper working conditions among its suppliers.

6.5 The organization shall threaten neither food diversity nor food security of the local community

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.

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

7.1 The organization shall use land according to relevant tenure regulations if they exist

- 7.1.1 *Minimum indicator*: There are no disputes over land tenure and access of substantial magnitude involving a significant number of interests.
- 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.

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

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