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## 1. INTRODUCTION

- 1.1** The objective of this regulation is to:
- Define which companies must become registered with the *Small Producers' Symbol* (SPP).
  - Specify the conditions under which companies may choose to enter into a control process through third parties.
  - Explain the process through which unregistered companies may enter into a control process.
  - Specify the existing Registration categories and their scope
  - Indicate which companies must pay *SPP Global* for the use of the SPP.
  - Clarify which companies must pay *Small Producers' Symbol* sustainable prices to Small Producers' Organizations.
  - Indicate under what conditions the *Small Producers' Symbol* may be used.
  - Specify the conditions for the sale for SPP product of a certified SPO.
- 1.2** The official language for all documents associated with the SPP is Spanish. In the case of any doubt arising from a translated version, the Spanish document shall be used as the only valid version.
- 1.3** These procedures fulfill the ISO/IEC Guide 65: 1996 General Requirements for Bodies Operating Product Certification Systems and the Guidelines from the International Accreditation Forum (IAF).
- 1.4** These complementary procedures should be applied in conjunction with other documents in the SPP system, specifically: "Certification Procedures for Small Producers' Organizations," "Registration Procedures for Buyers and other stakeholders," "Regulations on Costs," "Examination Procedures," and "Procedures for Issuance, Modification and Extension of Certificates and Registrations of Conformity."
- 1.5** The terminology used in these procedures is specified in the certification and registration procedures issued by *SPP Global*.

## 2. CERTIFICATION

### 2.1 CERTIFICATION CATEGORIES AND THEIR SCOPE

- 2.1.1** In accordance with the Standards for the *Small Producers' Symbol*, there is only the category of Certification for Small Producers' Organizations.
- 2.1.2** A Trading company which is part of a Small Producers' Organization must not be certified independently but it is included in the same evaluation for the certification of the SPO to which it belongs to.
- 2.1.3** In the event that the Producer Organization wishes to apply for SPP Certification and does not have an organic certificate but is in the process of transition or in the process of organic certification, it must attach a certificate, signed by the SPO and by its Certification Entity, that establishes that The Organic Certification for those products that the SPO wishes to certify under SPP is taking place or that it with the of transition process to organic has already started.
- Likewise, they must sign in acknowledgement and agree that they can only market products under SPP if they have an Organic Certificate for the products in question.

### 2.2 SALE OF SPP PRODUCT OF A CERTIFIED SPO

- 2.2.1** A 1<sup>st</sup> level SPO which is member of a 2<sup>nd</sup> level SPO certified SPS, can sell SPP product in a direct way, without making it through its 2nd level SPO provided the certificate holder has knowledge, endorses, registers and report the corresponding transactions.

- 2.2.2** In the case of individual members of a 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> or 4<sup>th</sup> level, certified SPO, it is not allowed under any circumstances that the SPP is used in direct sales of individual producers.

### 3. REGISTRATION

#### 3.1. REGISTRATION CATEGORIES AND THEIR SCOPE

- 3.1.1** In accordance with the Standards for the *Small Producers' Symbol*, the Registration categories are the following:
1. Final Buyer
  2. Intermediary
  3. Maquila Company
  4. Collective Trading Company owned by Small Producers' Organization
- 3.1.2** At the time of applying for registration, the type of registration requested should be indicated. Registration in more than one category may be requested at the same time.
- 3.1.3** Registration as a Final Buyer grants the right to sell products certified with the *Small Producers' Symbol* on the final consumer market
- 3.1.4** Registration as an Intermediary does not grant the right to sell producers certified with the *Small Producers' Symbol* on the final consumer market
- 3.1.5** Registration as a Maquila Company does not grant the right to sell products certified under the *Small Producers' Symbol* on the final consumer market.
- 3.1.6** When an Intermediary or a Maquila Company would like to function as a Final Buyer, it must request its registration as a Final Buyer from the beginning or through the application of the Procedures for Issuance, Modification and Extension of Certificates and Registrations of Conformity.

#### 3.2 COMPANIES THAT MUST REGISTER WITH THE *SMALL PRODUCERS' SYMBOL*

- 3.2.1** Companies that are involved in the transformation, processing and commercialization chain of a product must register with the SPP. The purpose of becoming registered is to assure that the product can be traced from the Small Producers' Organization to the final consumer market. In particular the following types of companies must become registered:
- a. Companies that purchase a product from a certified Small Producers' Organization to then transform or process the product and sell it as a finished product, using the SPP in the sale.
  - b. Intermediary companies that purchase and sell a SPP-certified product that is not sold exclusively to final consumers.
  - c. Companies that transform or process a SPP-certified product.
  - d. Any company that becomes involved in exporting or importing a SPP-certified product, whether or not it is a finished product.
  - e. Companies that sell a SPP-certified product under their own name or trademark.
- 3.2.2** Companies do not need to be registered if they purchase a finished product that has a SPP label—without having transformed or processed the product in any way—exclusively for its sale to a final consumer, unless they are involved in the importing or exporting of the product, or if they sell the product under their own name or trademark.

#### 3.3 *CONDITIONS UNDER WHICH COMPANIES MAY CHOOSE THE CONTROL PROCESS THROUGH THIRD PARTIES THAT ARE CERTIFIED OR REGISTERED WITH THE SMALL PRODUCERS' SYMBOL*

- 3.3.1** An Intermediary or Maquila Company may be controlled through third parties that are certified or registered with the *Small Producers' Symbol*, if it declares that it complies with the following conditions:
- When the value of its operations with the SPP over the last year was less than 5% of the value of its total operations projected for the same period.
  - When the value of its operations with the SPP over the last year was less than US \$500,000.
- 3.3.2** The Small Producers' Organization or Buyer through which the company will go through the control process must assure the Certification Entity, by way of a document signed by said company (intermediary or maquila company)—which complies with the conditions described above—that it will accept the evaluation for the control process to assess the applicable Standards established for the *Small Producers' Symbol*.
- 3.3.3** Control evaluations may be conducted by reviewing documents long distance up to a maximum of five consecutive years, except in cases in which there is inconsistency in the information made available, giving cause for conducting an on-site verification, prior to the completion of the five-year period.
- 3.4 PROCESS FOR COMPANIES THAT GO THROUGH CONTROL PROCESS**
- 3.4.1** The control process for unregistered companies will be conducted in conjunction with the evaluation for the Certification process for the Small Producers' Organization or the Registration for the Buyer that has requested the control process.
- 3.4.2** In order to determine the required time, as well as the costs, for conducting the control process for the companies, the procedures established by SPP Global for Certification and Registration will be used. Even in the case of a Document based Procedure, the Certification Entities will reserve the right to charge a complementary fee for the control process for one or more companies.
- 3.4.3** If a request is made for a control process for a company outside the time established for ordinary evaluations of the Small Producers' Organization or Buyer, the Procedures for Issuance, Modification and Extension of Certificates and Registrations of Compliance will be applied, as an "extension of other processes."
- 3.4.4** The additional cost of the evaluation of the companies for which the control process was requested will be covered by the Small Producers' Organization or Buyer making such request.
- 3.4.5** Companies that go through the control process will not be issued any examination document or certificate, since their evaluation will be included in the results of the evaluation conducted of the Small Producers' Organization or Buyer with which they are associated.

## 4. SPP USE

### 4.1 CONDITIONS FOR THE SPP USE

- 4.1.1** To make a finished product can be labeled as SPP to the final consumer, the Final Buyer and Small Producers' Organization involved in the chain must have positively covered their registration and certification process, respectively, and have to be signed the Contract of Use and have made payment.
- 4.1.2** The commercial transaction of production subject to be sold with SPP must comply with the criteria and the current SPP sustainable prices. To this end, should be celebrated and meet a purchase-sales contract (in accordance with the General Standard).

### 4.2 COMPANIES THAT MUST PAY FOR USE OF SPP

- 4.2.1** Companies involved in the transformation, processing and commercialization chain of a product and that benefit from SPP certification in promoting a product with the final consumers must pay for the use of the SPP. In particular the following types of companies pay for the use of the SPP.

- a. Buyers that acquire a product from a certified Small Producers' Organization directly or through intermediaries or maquila companies, to then sell it as a finished product under their name or trademark, using the SPP<sup>1</sup>.
- b. Companies that purchase a finished product already labeled with the SPP and directly from a certified Small Producers' Organization, when an export or import process is involved. Payment will correspond exclusively to imported products.

**4.2.2** Companies that purchase a finished product labeled with the SPP and are not involved in an import/export process will not be required to pay for use of the Symbol in the following cases:

- a. If it is used exclusively for sale to final consumers.
- b. If the company does not apply its name or trademark to the product, and if it does not sell to final consumers.

**4.2.3** Payment will not, in any case, be required twice for the same use of the SPP in a single commercialization chain.

## 5. COMMERCIAL AGREEMENT

### 5.1. COMPANIES THAT MUST PAY THE SYMBOL'S SUSTAINABLE PRICES TO SMALL PRODUCERS' ORGANIZATIONS

**5.1.1.** In all cases the company that purchases a product directly from a Small Producers' Organization certified with the SPP will pay the minimum prices, organic recognition and incentives associated with the SPP and in some cases other components in effect corresponding to Small Producers' Organizations.

**5.1.2.** Intermediaries and maquila companies that purchase a finished product with the SPP label and that do not apply their name or trademark to the product or sell to final consumers will pass the product's cost on, including its components (the Symbol's minimum prices, organic recognition, incentives and possibly other components) in its buying-selling process.

**5.1.3.** Companies should avoid, to the degree possible, adding profit margins to the *Small Producers' Symbol* incentive, thereby safeguarding the product's competitiveness, with the aim of protecting this component's direct benefit to Small Producers' Organizations.

**5.1.4.** If a Final Buyer plays the role of intermediary in the sale of a product to another Final Purchaser, as raw material or as a finished product, the following must be complied with, in which case one of the two occupies the role of First Buyer and the other becomes the Secondary Buyer:

- a. The First Buyer must send SPP Global an agreement with the Secondary Purchaser stating
  - The estimated annual volume to be commercialized
  - The three-year commercial commitment with respect to the product purchased from specific supplying Small Producers' Organizations (SPOs), which will be subject to ratification by SPP Global and imply the possibility of annual adjustments.
  - The responsibilities related to compliance with the different SPP regulations, including who of the parties will be responsible for carrying out the payments corresponding to user fees.
- b. In the quarterly report that the First Buyer makes to SPP Global, it specifies what volume of the purchases made from the different SPOs will be destined to which Secondary Buyers and indicate

<sup>1</sup> When we refer to the use of the Small Producers' Symbol, we are referring to not only the application of the label but also any publication or reference used by the company to state that a product is certified under the Small Producers' Symbol.

whether they will pay the corresponding user fee, according to the agreement between the First Buyer and the Secondary Buyer in question.

- c. The First Buyer shall notify the Secondary Buyer and the Small Producers' Organizations involved at the same time of those volumes that were transferred to the Secondary Buyer(s) in question.
- d. If the parties establish that the Second Buyer will pay the user fees directly to SPP Global, not only the First Buyer, but also the Secondary Buyer must report the transactions involved in their reports to SPP Global.
- e. In the case of raw material transactions, without transformation involved, both the First Buyer (sale) and the Secondary Buyer must also report the transactions. If the First Buyer sells processed product to the Secondary Buyer, only the First Buyer reports the transaction (buy and sell) to SPP Global.
- f. The volume and corresponding payment reported by the First Buyer as resale for Secondary Buyers will be reflected in the administrative records of the SPP Global system, under the name of the Secondary Buyer, even in the case that the First Buyer covers the SPP user fee. In the latter case, these records will not coincide with SPP Global's accounting records, which must respect the billing and payment channels.
- g. The Second Buyer must have an annual follow-up meeting (physical or virtual) with the SPO(s) involved, in order to carry out at least one exchange of information. If the SPO and the Secondary Buyer deem it necessary and agree, they may voluntarily include annual commercial projection as a subject, on the understanding that the final commercial deal will be closed with the First Buyer.
- h. If the total amount of Second Buyer's purchases from a particular Small Producers' Organization does not exceed US \$ 20,000, then the Second Buyer is not required to undergo any annual evaluation alongside that Small Producers' Organization.
- i. Both the First Buyer and the Secondary Buyer must present the invoices of the sales/purchases made between them at the eventual request of the Certification Entity to verify physical traceability in the product flow.