

Case study: Huvina Herbal Medicines

Huvina is a phytopharmaceutical company based in Berlin. It has a basic research department (BRD) tasked with identifying and developing new active and functional ingredients. BRD researchers typically source samples through the Strategic Sourcing Department (SSD). However, samples are sometimes also acquired directly from trade fairs, conferences, colleagues in other laboratories, and prospective suppliers. Additionally, BRD undertakes partnership projects with universities or research laboratories around the globe. These multi-year projects generally cover early stages of research, such as large-scale in-situ or ex-situ screening or ethnobotanical studies, which are conducted by local partners within parameters and with financial support from Huvina, which also holds exclusive rights for using the results in the phytopharmaceutical sector.

Huvina also has an Applied Research Department (ARD), which is tasked with developing innovative formulas for the range of Huvina brands. ARD researchers are offered the outcomes of all projects and studies conducted in the BRD. This is done through an annual meeting where outcomes are presented and taken over by ARD. ARD researchers also source samples through the SSD or acquire them directly from trade fairs, conferences and prospective suppliers. Each ARD researcher typically develops formulations for one or two specific brands within Huvina – that means that several researchers may work on the same ingredients in different ways.

The SSD is tasked to identifying and onboarding suppliers for the fresh and dried plant parts, raw and standardized extracts, synthetic ingredients, biotechnology-derived ingredients, other active ingredients, and highly-processed compounds used in Huvina research, formulation and manufacturing activities. Instructions for new raw material to be sought come from BRD, ARD, corporate marketing, brand marketing or regional hubs. Suppliers (which ingredient laboratories, small and medium enterprises, traders and local cooperatives) are approved based on an internal assessment (desktop or on the ground, depending on strategic considerations) of their facilities and activities. Raw material is given a temporary code when BRD or ARD select it for a project and a final code when the formulation is approved for commercialization.

You are hired as a consultant to help develop a due diligence system on ABS for Huvina Herbals. There is almost no awareness of ABS within company management or staff. There is significant concern that any procedures on ABS will intolerably delay innovation and the launch of new products. You are asked to develop a system for due diligence on ABS and a strategy for rolling it out.

Questions for discussion:

- What should be the scope of the due diligence system on ABS for Huvina? Which raw material, activities and departments should be included?
- What are the key points in which genetic resources or derivatives are entering the company for their utilization? What kinds of checks or controls might you suggest for these points? What information would be necessary for ABS checks or controls? How might such information be gathered?
- What kind of decisions must be made in the Huvina ABS due diligence system? Who might be best placed to make such decisions? Which tools or support might be necessary? What may be some of the possible scenarios and how would they need to be addressed?
- How would an ABS procedure look like for Huvina? Should they be reflected in a new, separate procedure or integrated into existing procedures? Should policies also be developed or modified?
- How should the ABS due diligence system be rolled out within Huvina and along its various suppliers and partners? What are some key strategies for its successful deployment?