

Preferred by Nature Certification Certification Rules v.1.0

Preferred by Nature Certification Certification Rules	
Title:	Preferred by Nature Certification Certification Rules
Scope:	International
Status of document:	Approved
Version:	1.0
Date:	14 March 2024
Consultation period:	N/A
Approval body:	Preferred by Nature
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Terms & definitions

Preferred by Nature Certification is referenced in these rules to encompass certification process using the Sustainability Framework and related standards.

Commodity Guidance. Guidance for the Sustainability Framework indicators for evaluating a specific land-use type or commodity.

Certification Category. For Preferred by Nature Certification, the Certification Category refers to the type of certification offered in combination with the type of client. PBN provide "Land-Use Certification" for land managers, "CoC Certification" for processing, manufacturers and traders and "Due Diligence System Certification" for organisations managing supply chains.

Claims Type refers to the two accepted claims in the Preferred by Nature Certification programme: "Sustainability Scope" or "Regulatory Scope". The Scope refers to the requirements against which the certified organisation is evaluated.

Add-on Certification. Certifying a company already holding an existing certification (e.g. RA or FSC). In an add-on certification, only requirements identified as additional to the existing certification shall be evaluated.

Regulatory Scope. Regulatory Scope designates a specific allowed claim in Preferred by Nature Certification. Organisations allowed to use this claim are only evaluated against a sub-set of requirements from the Preferred by Nature Certification standards.

Sustainability Scope refers to another claim allowed in Preferred by Nature certification. Organisations allowed to use this claim are evaluated against all applicable requirements of the Sustainability Framework and related Preferred by Nature Certification standards.

Additional terms can be found in the normative documents of Preferred by Nature certification and in the Terms and Definitions document of the programme (refer to the list of documents in the later section).

Acronyms

CAS	Certification Administration Staff
CVA	Non-conformity verification audit
DDS	Due Diligence System
NCR	Non-conformity report
RRA	Report review and approval
TM	Task Manager

Introduction

This document is mainly developed to for Preferred by Nature staff to inform and regulate how the Preferred by Nature certification program operates and is used internally as the Preferred by Nature Certification Handbook. It includes certification rules for Preferred by Nature (PBN) staff and external contractors engaged in providing Preferred by Nature Certification.

However, we are publishing this version of the document for any stakeholders interested to have deeper insight on the program rules and how it operates. The document is very similar to the full internal document, although some details that only relevant for our staff, have been removed. For example, this includes detailed information on filling our internal database or other information that is not relevant for external stakeholders.

Preferred by Nature Certification programme is structured to deliver certification services to PBN clients across various commodities and activities, spanning from farm or forest production, through processing to retail. The Preferred by Nature Certification programme addresses a wide spectrum of sustainability concerns, encompassing the management of greenhouse gas emissions and compensation.

How to use these rules

The rules for Preferred by Nature Certification share many similarities with those employed for other certification schemes already provided by Preferred by Nature. Therefore, terms and definitions used, are largely consistent across these services.

While significant similarities exist, it is crucial to note that there are distinct differences, along with specific requirements and rules exclusive to Preferred by Nature Certification. These rules are dedicated to elucidating these unique aspects of the Preferred by Nature Certification programme.

For aspects of certification already addressed in handbooks already used by Preferred by Nature, readers are directed to the relevant sections in those documents. It is essential to utilise these Rules in conjunction with these other certification documents.

Table 1. Overview of the existing Preferred by Nature handbooks and other documents that are relevant to the Preferred by Nature Certification programme

PBN Document	Relevance to Preferred by Nature Certification
Preferred by Nature Certification Handbook	The PBN Certification handbook, is the internal handbook for managing Preferred by Nature Certification audits. These Rules are based on the PBN Certification Handbook.
Auditor Handbook	The Preferred by Nature Certification audits adhere to the same overarching rules and terminology applied in PBN other certification services. In the absence of specific rules outlined in these Rules, auditors shall adhere to the guidelines provided in the auditor handbooks.

Forest Management Service Handbook	Rules for conformance evaluation of land managers (specifically forest-related issues) shall be used from the FM Handbook unless otherwise stated in these Rules.
Forestry Chain of Custody Handbook	Rules for evaluating the conformance of land managers, particularly regarding forest-related issues, shall be sourced from the FM Handbook unless otherwise specified in these Rules.
Rainforest Alliance Sustainable Agriculture Service Handbook	When auditing agricultural farms, auditors shall use the RA Service Handbook as a reference for general issues of performance evaluation and audit management.
Certification Administration Handbook	The Certification Administration Handbook is designed for administering Preferred by Nature Certification services.
Report Review and Approval (RRA) Procedures	The RRA procedures for Preferred by Nature Certification shall follow the RRA Procedures already described in the PBN RRA procedures.
Trademark Handbook	The Trademark Handbook is mainly used by trademark reviewers and provides additional guidance in relation to controlling the use of the Preferred by Nature Seal.
Preferred by Nature Seal Graphic Guidelines shall	Guidelines on how the seal can be presented. This guideline shall be understood by auditors.
Document control procedure	Document naming and storage shall follow the Preferred by Nature document control procedure.

Auditor resources

All relevant materials for the Preferred by Nature Certification shall be made available to auditors.

Currently PBN auditors can access all relevant documents via the PBN SharePoint document library.

Document structure

Part 1

Contains sections applicable to all types of *Certification Categories* under the Preferred by Nature Certification programme. This part is generic across the programme.

Part 2

Contains individual sections for specific *Certification Categories*:

1. Land-use certification,
2. CoC certification and
3. Due Diligence System certification.

PART 1:

Preferred by Nature Certification Programme

This part contains the generic rules for effectively administering Preferred by Nature Certification services to organisations.

1 Overview

Preferred by Nature Certification is applicable to a diverse selection of organisations, ranging from land managers to retailers. Tailored to meet the unique needs of these varied clients, the certification programme encompasses standards that address specific industry requirements.


To effectively provide certification services and determine the relevant requirements for each client category, a comprehensive understanding of the diverse options and possibilities within the Preferred by Nature Certification is crucial. The following sections offer detailed insights into the Preferred by Nature Certification Programme, outlining requirements specific to various certification scopes.


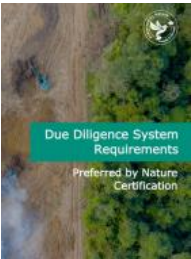


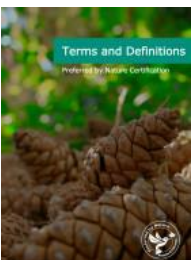
A distinctive aspect of the Preferred by Nature Certification programme lies in its emphasis on **performance rather than procedures**. As auditors for PBN Certification, focus shall be on evaluating the performance of all client types, over the existence of documents and procedures.

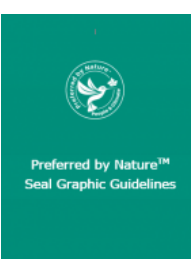
Standards

Preferred by Nature Certification is conducted in accordance with the stipulations outlined in the Sustainability Framework and other standards within the Preferred by Nature Certification programme.

Table 2. Overview of Preferred by Nature Certification normative requirements

Standard code	Standard name	Description
PBN-01	Sustainability Framework	 <p>It encompasses the principles, criteria and indicators essential for sustainability. The Framework incorporates indicators designed for farm/forest certification, along with those relevant to processing facilities.</p> <p>The Framework is versatile, available in its generic form, or it can be adapted for specific commodities (Preferred by Nature shall develop commodity guidance as required). A portion of the Sustainability Framework is specifically relevant to entities with Chain of Custody (CoC) certification, including processing, manufacturing and trading entities. The requirements centre around human rights and health and safety considerations within the value chain.</p>

PBN-02	System Requirements		The standard incorporates criteria for overall competence and quality systems, ensuring the uniform and reliable implementation of Preferred by Nature Certification requirements.
PBN-03	Supply Chain Management and Due Diligence Requirements		It contains requirements for entities seeking certification through a due diligence approach to securing low risk of violations of the Sustainability Framework (or regulatory) requirements in their product supply chains and at the source of the raw material.
PBN-04	Seal-Use Policy		It includes the requirements for companies using the Preferred by Nature Certified Seal, both off- and on-product. It also encompasses the requirements for climate compensation.
PBN-05	Chain of Custody and Traceability Standard		Chain of Custody and Traceability Standard outlines the requirements and the CoC models accepted under the Preferred by Nature Certification programme.
PBN-09	Terms and Definitions		An essential document providing detailed explanations of various terms and definitions employed in the Preferred by Nature Certification programme documents.

PBN-13	EUDR indicators		<p>This subset of the PBN-01 requirements specifically focuses on indicators essential for fulfilling deforestation and legality obligations outlined in the EU Deforestation Regulation (EUDR).</p> <p>These indicators serve as the criteria for assessing companies falling within the "Regulatory Scope".</p>
-	Carbon Footprint Management standard		Organisations must obtain Carbon Footprint Management (CFM) certification as a prerequisite to utilise the Preferred by Nature Seal associated with a final product.
-	Preferred by Nature Ecosystem Restoration Standard		Preferred by Nature Ecosystem Restoration standard is applicable when companies are obligated to carry out restoration activities to address previous damage to environmental values.
-	Preferred by Nature Seal Graphic Guidelines		Graphical guidelines for Seal use.
-	Preferred by Nature Seal use Guidance		Short guidance on the Seal for clients.

All normative documents are publicly available on the [Preferred by Nature website](https://www.preferredbynature.com/).

Certification Categories

The Preferred by Nature Certification programme provides certification services tailored to various types of organisations, utilising distinct requirements based on the nature of the entity undergoing evaluation. This classification is referred to as "Certification Categories".

Certification categories



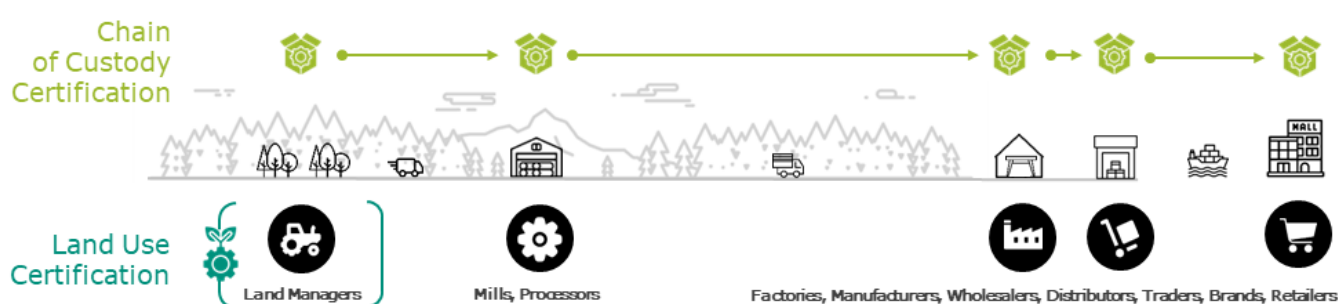
Certification Categories serve to distinguish between various types of organisations, each subject to specific sets of requirements, outlined as follows:

Land Use Certification

Certification of farm or forest managers involves ensuring that farms or forests align with applicable Sustainability Framework requirements. Land managers intending to make claims must also adhere to a limited set of Chain of Custody (COC) requirements, detailed in the Annex of the COC Standard.

Chain of Custody Certification

This category is pertinent to companies involved in transferring Preferred by Nature claims and/or requiring the implementation of a product traceability system to meet regulatory or company specifications. Audits under this Certification Category also assess the compliance of processing facilities with the Sustainability Framework requirements.



Due Diligence System Certification

Certification for Due Diligence Systems involves assessing the systems implemented by downstream entities in the supply chain. These entities, often purchasers of products or materials from supply chains, adopt a DDS to identify and mitigate risks of non-conformance with the Sustainability Framework. Additionally, due diligence certification may be extended to land managers, particularly in cases where regulatory requirements, such as those in the EU, necessitate it.



The Certification Categories are important for the selection of the requirements to audit the client against – see **Table 3**.

Group and multi-site certification

Auditing Group or multi-site entities shall also affect the requirements applied and the auditing process. Details are described in section **4 below**.

Add-on certification - auditing already certified companies

Preferred by Nature recognises the assurance provided by other certification schemes. Therefore, Preferred by Nature Certification can be provided as an addition to auditing clients against other certification schemes.

In such cases, the Preferred by Nature Certification shall focus only on areas where the other certification schemes have gaps compared to the Sustainability Framework.

Example. A company that is certified against another standard that does not include greenhouse gas emission reductions may also wish to cover these areas. In this case, Preferred by Nature can conduct an add-on audit of the organisation to evaluate emission reduction issues but recognise the assurance provided by the existing scheme in all other areas of the standard.

PBN only accept add-on for schemes when:

- PBN have **completed a benchmarking** of relevant normative performance standards of the scheme, AND
- The scheme manager is either an **ISEAL member**, or PBN have **completed a benchmarking** of their assurance system.

Where Preferred by Nature has benchmarked the schemes normative performance standards, there shall be a list of all the specific requirements of the Sustainability Framework, that are not covered by the particular certification, and, therefore must be used as additional requirements for an add-on audit. These are published on PBN website as “add-on indicators” for each standard PBN have benchmarked.

Currently, the add-on option is available only for **FSC Forest Management** and **Rainforest Alliance Farm** certification.

Specific certification **report templates** are available for RA and FSC add-on certification and shall be used by PBN auditors.

Types of claims

Applicable requirements may also change according to the type of claim clients wish to make. Preferred by Nature certification allows two different claims: "Sustainability Scope" and "Regulatory Scope":

1. **Sustainability Scope** - includes the evaluation of all applicable requirements of the PBN-01. The use of the full Framework is also a prerequisite for Seal use (see Seal use chapter).
2. **Regulatory Scope** - includes evaluation only against a subset of requirements for the certification category of the Sustainability Framework and aligned with the EUDR as published in the standard PBN-13.

In addition to the two primary claims about the level of conformance with the requirements related to sustainability and regulatory aspects, this Standard allows **two claims pertaining to the origin tracking**: a) **Geolocation Preserved**, and b) **Source Preserved**.

Detailed explanation of these claims is found in **section 8**.

The claims can be transferred in the supply chain by Preferred by Nature CoC-certified companies.



Certification services for the EU Deforestation Regulation

As noted above, Preferred by Nature Certification can be conducted against a reduced scope of the Sustainability Framework, which covers only the **EU Deforestation Regulation – the Regulatory Scope certification PLUS the traceability option “Geolocation Preserved”**.

It is underlined that certification against the Preferred by Nature Certification’s Regulatory Scope (or any other certification) shall not be considered as a guarantee for clients to comply with the Regulation.

The Regulatory Scope of the Preferred by Nature Certification programme can be offered to **all three Certification Categories** and companies inside and outside the European Union.

Seal use



Please note that the **Seal Use Policy document** explains the conditions and options for seal use in more detail. Every person involved in Preferred by Nature Certification shall carefully familiarise themselves with the full contents of the Seal Use Policy. A brief summary is provided below.

The use of the Preferred by Nature Seal carries specific requirements, depending on how the organisation is allowed to use the Seal. The Seal use permitted, therefore, is dependent on certifying the client against different requirements.

The Preferred by Nature Seal can be used in **three different ways** with separate requirements attached:

1. **To communicate the verified status of the organisation.** All organisations certified against the Sustainability Framework (Sustainability Scope) may use the Preferred by Nature Seal in their communication channels to indicate and communicate the certified status of the organisation.
2. **Segregation marking.** All organisations certified against the Sustainability Framework (Sustainability Scope) may use the Preferred by Nature Seal for segregation purposes. Segregation marking may not reach **end users**.
3. **Product-related use** - Product-related use of the Seal refers to any use of the Seal in relation to **final products**.

For organisations to be allowed to use the Preferred by Nature Seal related to final products, they shall:

- 1) Be certified against the Sustainability Framework,
- 2) Be certified against the Preferred by Nature Carbon Footprint Management Standard and
- 3) Make a **financial contribution to projects that support climate and biodiversity**.

Please see more details directly in the Seal Use Policy document.

Note: Organisations certified against the “Regulatory Scope” are not permitted to use the Preferred by Nature Seal.

The use of the Preferred by Nature Seal related to a final products, therefore, means a significant expansion of the scope of the auditing activities, including carbon footprint verification and checking aspects related to the compensation.

This aspect must be explained and clarified with potential clients at early stages of the process, so that it can be adequately planned as part of the certification process.

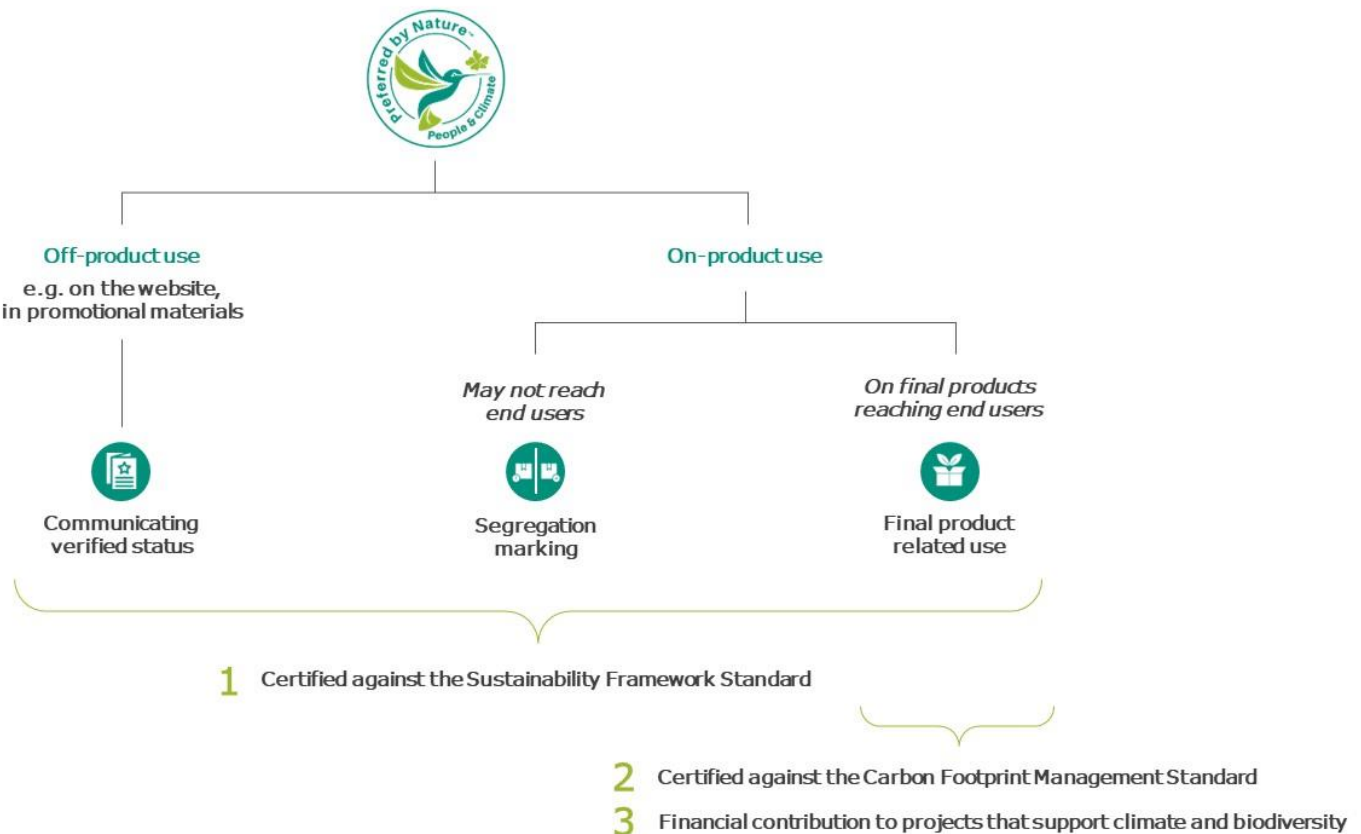


Table 3. Overview of relevant standards and requirements for different Certification Categories and Claim Types

Certification category and claim scope		Reference to requirements									
		PBN-01 Sustainability Framework Standard				PBN-02 System Requirements		PBN-03 Due Diligence System Requirements	PBN-04 Seal Use Policy	PBN-05 Chain of Custody and Traceability Standard	
		Full Framework	PBN-13 EUDR Indicators	Processing Requirements	Annex A Remediation ¹	System Requirements	Group and Multi-site Req. ²	Supplier Man. and DDS	Seal Use Policy ³	CoC Standard	CoC for Land Managers
Land Management	Sustainability scope	✓	-	-	◇	✓	◇	-	◇	-	✓
	Regulatory scope	-	✓	-	◇	✓	◇	-	-	-	✓
Chain of Custody	Sustainability scope for processing	-	-	✓	◇	✓	◇	◇	◇	✓	-
	Regulatory scope	-	-	-	◇	✓	◇	◇	-	✓	-
Due Diligence System	Sustainability scope ⁴	✓	-	✓	◇	✓	◇	✓	◇	✓	-
	Regulatory scope	-	✓	-	◇	✓	◇	✓	-	✓	-



Mandatory for the type and scope



Conditional requirements that may or may not be applicable, depending on the scope – see footnotes.

¹ Only applicable where an organisation has to conduct remediation measures.

² Only applicable for companies that manages a group or a multi-site scope.

³ Only applicable for organisations that want to use the Preferred by Nature Seal. If they do not use the Seal, they shall not be evaluated against the Policy.

⁴ Where a due diligence system is implemented, the risk assessment shall cover relevant parts of the Sustainability Framework.

Commodity guidance for the Sustainability Framework

Commodity Guidance may be developed for the Sustainability Framework (PBN-01).

The commodity guidance of the Framework will be developed and made available to auditors as possible – the TM and auditors shall keep themselves updated on new guidance and use them where available and applicable.

When a commodity guidance is available, this must be used as the basis for evaluating the relevant commodity.

Where a commodity guidance is unavailable, the generic Sustainability Framework can be used.

2 Evaluation cycle and audit types

The generic **PBN Auditor Handbook** describes the general principles behind managing Preferred by Nature's Certification programme and related activities, including client communication, audit planning, evaluating conformance and certificate issuance.

The following sections provide specific rules applicable to Preferred by Nature Certification.

Preferred by Nature awards certificates based on the results of evaluations of its clients and issues certificates for **five-year period**.

The first certification (assessment) shall be the most rigorous as it determines the initial decision to certify and always covers the full set of requirements for all Certification Categories.

This is followed by four annual surveillance audits. **All requirements of applicable standard requirements shall be evaluated in annual surveillance audits.**

It is emphasised that "applicable standard requirements" are also based on a risk-based approach. This means that where risks have been assessed through Preferred by Nature's formal risk assessment process, only requirements that are not "low risk" shall be evaluated". This means that in many cases, the auditor shall not have to use the full standard as a basis for the audit checklist.

NOTE: risk-adjusted report templates with relevant checklists shall be made available as they are developed.

Renewal, after the initial five-year agreement, requires a new assessment, referred to as a reassessment.

For **add-on certification**, the audit process shall be aligned with existing certification audits already managed by Preferred by Nature as much as possible.

Audit types

The Audit types used in Preferred by Nature certification are like those described in the **Generic Preferred by Nature Auditor Handbook**.

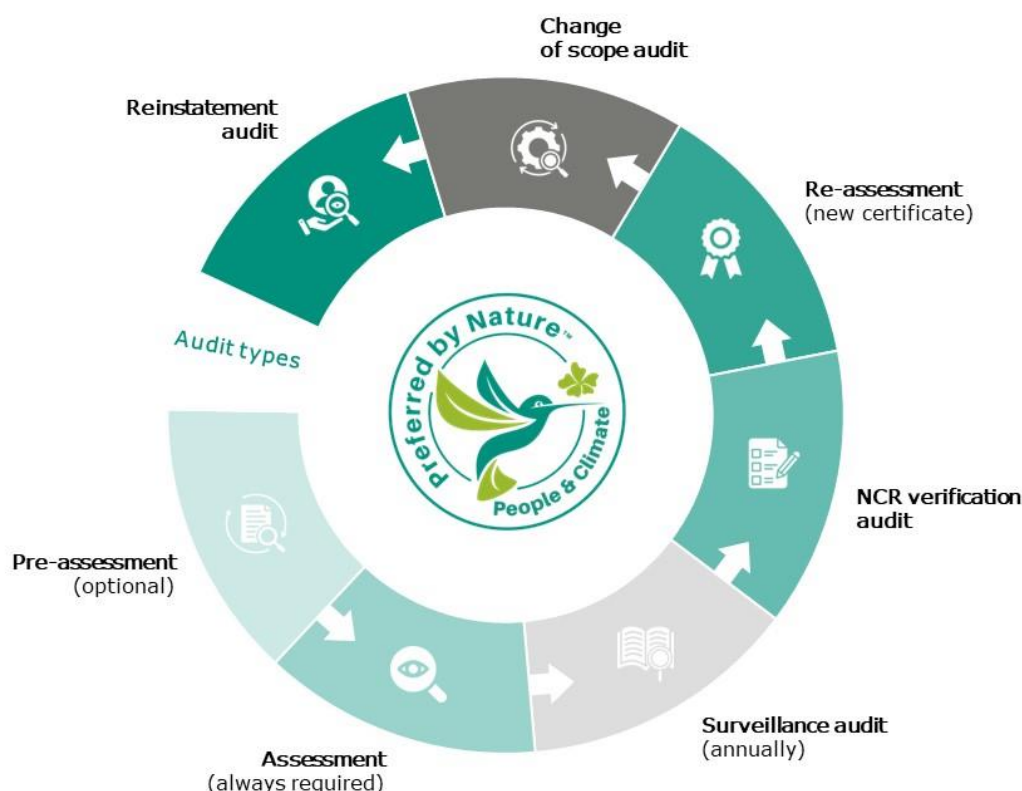


Figure 1: Illustration of audit types used in Preferred by Nature Certification.

Pre-assessment

Pre-assessments are audits prior to a main assessment with the objective of identifying barriers or gaps to certification and enabling company preparation for the main assessment. Pre-assessment audits cannot result in certification.

Preassessments are voluntary but recommended for the **Land-Use and DDS Certification Categories**.

Usually, there would not be a need for pre-assessment of a CoC client.

Assessment

An initial audit which provides a complete evaluation of an operation to determine whether it is in conformance with the certification standard(s) and requirements and whether a certificate can be issued.

The assessment results are valid for a maximum period of twelve (12) months. Within this period, a certification decision shall be taken. Otherwise, the assessment results are considered out of date, and a new assessment must be conducted before a certificate can be issued.

Always mandatory for Preferred by Nature certification and applicable to all three Certification Categories.

Surveillance audits

Surveillance audits are conducted to evaluate continued conformity with Preferred by Nature certification requirements and to review all open NCRs.

For all Preferred by Nature Certified clients, the audit shall take place at least once every year. Task Managers shall ensure that at least one annual surveillance audit is performed for all valid certificates at least annually (i.e. every 12 months).

Annual surveillance audits are generally conducted on-site, however there are exceptions to this rule. Some CoC, DDS and CFM standard audits may be conducted partly or fully as desk-based, depending on the circumstances and scope.

Audits that are not required on-site are considered desk audits and are conducted via phone interviews and document review. The TM shall evaluate the audit scope and the Certification Category to determine if an audit can be conducted desk-based or if it must be conducted on-site.

The target date for fieldwork shall be set within 12 months after the onsite closing meeting.

If a client refuses to undergo an annual surveillance audit, the certificate shall be suspended, and a reinstatement audit then follows if they wish to regain certified status.

Preferred by Nature, surveillance evaluations shall take place annually.

Corrective Action Certification Audit (CVA)

Audits conducted outside the normally scheduled audit timeframe to verify conformity with open NCRs, where their timeline is not aligned with regular audits. This would typically be done when there are major non-compliances with shorter timelines.

Reassessment

Prior to certificate expiration, a reassessment is needed if the client would like to continue its certification and receive a new certificate. Reassessment is like assessment in that the purpose is to evaluate the organisation's conformity with all applicable standard requirements for the issuance of a new certificate for a new contract period.

The reassessment shall evaluate the conformity of the company's systems over the previous audit period and include the review of previous surveillance audit reports and the evaluation of any open NCRs.

If a reassessment is in process at the time the certificate expires, there shall be a gap in the certification when the client is not certified and is not eligible to make any certified claims.

If a certificate is terminated and a reassessment is not already in process at the time of termination, any engagement initiated to recertify the client shall be called an Assessment. It is still necessary to review previously open NCRs.

Reassessments shall be initiated before the certificate expiration date (normally up to six months before) to complete the reassessment and certification agreement process before certificate expiration.

To avoid certificate termination and time gap when the organisation cannot sell certified material, all reassessments shall be completed, including execution of the certification agreement and reissuance of a certificate by the certificate expiration date.

Change of scope audit

An audit to verify conformance with additional aspects or parts of the scope to expand the scope of a certificate. Audits may be conducted outside of the annual audit timeframe for approval of changes to the certification scope.

Annual surveillance audits and reassessments shall ensure that any changes to the certificate scope are adequately verified and reported on. A change in scope may involve a new product, a change in the system for controlling claims, a new area, etc.

The evaluation steps are the same for verifying the applicable requirements. However, changes to the certificate scope need to be clear in the report and Salesforce engagement. Once approved, the scope change shall be reflected in Salesforce and a revised certificate shall be issued to the client if necessary.

In Salesforce, under job engagement, there is a special field to register the scope change details.

Companies shall contact Preferred by Nature prior to a change in scope is needed so that a separate audit can be conducted or preparations can be made to evaluate the changes during the annual audit.

If the changes are not determined until the auditor conducts the annual audit, the auditor shall include these new activities/products in the evaluation to ensure all necessary information is covered to avoid a second audit. Sometimes, the original scope must be maintained until relevant changes are made in the system. In all cases, a Task Manager shall be consulted before deciding to evaluate a new scope.

Note: When an annual audit includes a change in scope, the type of audit in Salesforce shall be an annual audit, not a change of scope audit. When the company requests a change in scope at a time of year that does not coincide with the annual surveillance audit, a separate change of scope audit shall be conducted.

See service-specific rules in Part 2 of these rules.

Reinstatement audit

A reinstatement audit is carried out to verify that one or more major NCRs that caused a temporary suspension of the certificate holder has subsequently been met, and therefore, the certificate can be reinstated. Reinstatement audits are conducted for suspended certificates when the client has submitted evidence to close outstanding major NCRs. When the reinstatement audit is conducted 6 months before the certificate anniversary date, this may also be performed as the regular annual surveillance audit (re-assessment). When this is the case, the Salesforce engagement shall be created as the annual surveillance audit, and the reinstatement scope shall include the full annual audit requirements. In all other cases, the Salesforce engagement shall be created as a reinstatement audit. If a reinstatement audit is in process when a certificate reaches the maximum time allowed for a suspension (one year), the certificate remains

suspended until the final recommendation is made to either reinstate or terminate the certificate.

3 Conformity and Non-Conformity

While gathering and evaluating the evidence, the auditor must determine if the organisation meets the applicable requirements. Conformity is demonstrated when evidence shows that the intent of a requirement is fulfilled, whereas non-conformity is defined as any failure to fully meet the requirements for certification.

Classification of Non-Conformities

Two types of non-conformances are used in the Preferred by Nature Certification programme. Each non-conformity shall be classified as either major or minor.

Once a non-conformity is identified, the auditor must analyse the scale and impact it has on the conformance with applicable requirements and if this presents a minor or major non-conformity. A general protocol for classifying non-conformities is defined in the **Auditor Handbook**, "Classification of non-conformances" section.

In the case of the initial assessments and re-assessments, major non-conformities are preconditions to certification (or recertification), and the company must address these before the certificate can be issued. Minor non-conformities must be addressed normally within 12 months from issuance.

The following specifications shall be considered **together with the primary guidance in the Auditor Handbook**.

Several minor non-conformities leading to a MAJOR non-conformity:

When evidence reveals several minor non-conformities, these may **collectively represent a major non-conformity**. For example:

- Non-conformity within the same system: the organisation has general procedures for the mass balance system, but within these procedures, as well as the credit account examples provided, details are missing to ensure the credit account is updated within an acceptable claim period, inputs are not recorded by component and input/output ratio, the account is not updated correctly to remove credit that exceeds new credit within the last 12-months. This example would be addressed in one major NCR, or alternatively, if it is clear that large volumes beyond the available volume have been sold, the certificate may be suspended until the situation is addressed.
- Non-conformity across systems: purchase documents do not use clear specifications of the defined material categories, procedures for certification of inputs do not include clear details of Preferred by Nature Certification claims that need to be confirmed, implementation of transfer system (physical separation method) shows non-conformities with carrying forward the correct Preferred by Nature Certification claim from the supplier. The collective of these non-conformities represents a major non-conformity with a systems failure.

Non-conformance implementation within timeframes

When a major NCR is identified during an audit, the auditor needs to explain both the NCR and the implications of certificate validity. This is true even in cases where the auditee is a long-term certificate holder and you think they are familiar with the requirements. A reminder is still necessary! Following are some important points to review when you are issuing a major NCR at a closing meeting:

- NCR timelines start when RRA is complete, and the report is finalised.
- When the client receives a final report with an NCR, a Corrective Action Certification Audit (CVA) needs to be planned within the timeline of the non-conformities.
- Depending on the nature of the NCR, the CVA shall be scheduled either as an on-site visit or a desk audit.
- Emphasise the importance of working on corrective actions as soon as possible since major NCRs that remain open after the CVA due date shall lead to certificate suspension.

Preferred by Nature shall determine whether NCRs have been appropriately implemented within their timeframes. If the action taken is not considered adequate, then:

- Minor non-conformity, which is not addressed sufficiently, shall become 'major' non-conformity and shall be corrected within a maximum period of three (3) months (or, in exceptional and justified circumstances, six (6) months).
- Major non-conformity, which is not addressed sufficiently, shall lead to immediate suspension of the certificate.

4 Group and Multisite certification

The Sustainability Framework Programme includes an option for certification of multi-site organisations and group certification.

Multi-site certification is meant for large operations with multiple sites under a single ownership.

Group certification is available for groups of smaller independent organisations that want to collaborate to gain certification.

Group and multisite certification are available to all three Certification Categories. However, there are some differences in which type of certification shall be used for each category.

Table 4. Overview of group and multi-site certification

Certification Category	Group	Multi-site
Land use	Applicable for multiple farms or forests under different ownership, with group manager control.	<p>Not applicable.</p> <p>Multi-site certification, as such, is not an applicable certification type for land management.</p> <p>However, in cases where one land manager manages several land management units (farm plots of forest management units) sampling of units to visit during audits shall be implemented as if it was a multi-site.</p>
COC	Available option in future. However, no rules for this have been developed yet. When a potential client is interested in this option, please contact the Preferred by Nature Certification programme manager.	Applicable when a company under one ownership has multiple locations (e.g. multiple factories).
DDS	Not applicable.	Applicable where a company implementing a DDS system owns and manages several separate locations that may have different roles in the DDS. The company shall ensure that the DDS system is implemented across different sites.

Details of sampling of group and multi-site audits are found in the respective section for the specific Certification Category.

Prior to audits, the TM and auditor shall ensure the definition of the type of certification and develop the audit plan accordingly, using the correct sampling method, as described in the separate Certification Category section.

5 Audit planning

Refer to the **Auditor Handbook** for general requirements.

Audit planning varies by audit type (assessment, annual audit) and the type and size of operation (processing, trader, retailer etc).

Audit scope definition

For Preferred by Nature Certification, the definition of the scope of the certification audit (assessment or surveillance audit) is a fundamental exercise to ensure that the client is

audited correctly, the budget is correct, and the applicable requirements are used for relevant entities of the organisation.

The scope definition consists of a number of aspects of understanding the organisation and its objectives:

- a) **Certification category:** The Certification Category is determined by the activity of the organisation and determines the requirements against which they are audited. The Certification Categories are: **1) Land-Use Certification, 2) CoC Certification, or 3) Due Diligence Certification.**
- b) **Single, Group or multi-site:** Defining the type of organisation is another important certificate scope question. Group and multi-site requirements are in the annex to the standard "**PBN-02 Systems Requirements**" and shall be used where relevant. See also separate sections on this subject.
- c) **Existing certifications:** Organisations may already be certified against other certification schemes, or request us to certify them against other systems, combined with Preferred by Nature Certification. In such cases, the scope of the audit needs to take this into consideration. For already certified organisations, Preferred by Nature uses an add-on checklist to add specific Preferred by Nature requirements to the evaluation scope.
- d) **Claims:** The types of claims the organisations want to use also affect the audit process. The claims are divided into two main types: **1) Sustainability Scope and 2) Regulatory Scope.** In addition to these two main claims, a sub-claim can be made depending on the product tracking applied. This can be either **1) Geolocation Preserved, or 2) Source Preserved.** The "main claim type" selection shall determine what requirements from the Sustainability Framework to audit against, and the "tracking sub-claim" shall determine specific requirements from the CoC standard.
- e) **Seal-use:** Preferred by Nature allows certified organisations to use the Preferred by Nature Seal under certain conditions, as defined in the Seal Use Policy. The seal can be used in three ways: 1) as a segregation mark, 2) as a seal to communicate that the organisation is Preferred by Nature certified (not product related), and 3) as a seal related to final product(s). Depending on the type of seal-use the organisation shall be audited against different requirements.

NOTE: Organisations using the Preferred by Nature Seal related to "final product" shall also be certified against the Preferred by Nature Carbon Footprint Management standard AND make a financial contribution benefitting climate and biodiversity, using one of the three options available in the Preferred by Nature Seal-Use Policy (see also section below on seal-use). Please refer to the Seal Use Policy for further explanations and details.
- f) **Physical:** What are the locations, the sites, the people, the surroundings, the size and complexity of operations (e.g. how many processing sites, how many farms, how many FMUs or how many supply chains). The physical scope is very dependent on the Certification Category.

- g) **Product:** What are the products included in the certification? Are there multiple types of products, composite products, multiple types of commodities, who are the buyers and/or suppliers?

For more information on individual issues from the above list, see respective sections of these rules and relevant standards.

The list above includes scope aspects which are applicable to all types of certifications under the Preferred by Nature Certification programme. **There are additional important scope aspects, which are described in Part 2 of these rules, under the different Certification Category sections.**

Audit scheduling

Upon being designated for an audit, the auditor shall contact the company as soon as possible to confirm the scope of the audit and agree on the schedule and timeframes. This shall allow an initial discussion of possible time for the audit and other planning aspects.

The audit scheduling shall be based on the estimated level of effort that is required to evaluate the organisation's operations as set out in the audit scoping process.

The following issues shall be carefully considered, along with the specific scoping issues mentioned above, during audit planning, as each of these points can increase the LoE of the audit:

- a) Number of organisation sites or offices.
- b) Supply chain complexity (if a sourcing organisation).
- c) For farm/forest level audits: number and location of production units.
- d) Number of suppliers (if applicable).
- e) Number of products/materials types sources.
- f) Complexity of products.
- g) Size of turnover.
- h) Number of separate supply chains.
- i) Risk specifications: elevated risk levels shall add complexity to the evaluation as risks shall be evaluated by auditor.
- j) Organisations own-certification of suppliers or forest (in case of FME level audit)
- k) Any supplier certifications that need to be carried out by Preferred by Nature
- l) Existing certification and corresponding indicators that shall have to be audited.

During the scheduling process, the auditor shall create a written audit plan.

No written audit plan is required for the CVA audits.

When all details prompted in the audit plan are known, the written audit plan shall be submitted to the company and stored in the audit engagement in Salesforce.

Company preparation

During the initial contact, the auditor needs to reconfirm the audit scope. Necessary steps from the company depend on the audit type and certificate category. Please see more information about each category in Part 2.

Auditor preparation

The auditor is recommended to review the company's core documented procedures prior to the onsite visit and follow up with the company if gaps are identified in the procedures. In the case of main assessments, the auditor is required to do that. For surveillance audits, the auditor needs to review the last audit report to understand the company's certificate scope, past performance of the company, and any open NCRs. For audits, the Task Manager shall inform the auditor of any open complaints or disputes that need to be verified during the audit.

The lead auditor must receive the relevant documentation from the auditee before the assessment (see above).

The auditor shall have the following **minimum items** during the audit evaluation:

- Applicable Preferred by Nature standards
- A copy of Preferred by Nature Certification report template, tailored to the audit and certificate scope (see next section on reporting for more information)
- The relevant risk assessments for source countries relevant to the client:
<https://sourcinghub.preferredbynature.org/>
- Core set of company procedures.

6 Reporting

Written reporting of Preferred by Nature certification audits is done via the official **Preferred by Nature Certification Report Template** and corresponding document exhibits. The auditor shall always ensure that the latest version of the report template is taken from the **Preferred by Nature SharePoint Library**.

The Preferred by Nature Certification Report Template is designed to be used for all audit types (pre-assessment, assessment, annual surveillance audit, reassessment, CVA).

Preferred by Nature Certification reports can be completed in any language suitable for the client. However, consider the following:

- a) A person authorised for RRAs and independent from the audit shall conduct report review;
- b) A report may need to be translated to English for quality control purposes.

It is **essential that auditors' complete reports in a timely manner**. Preferred by Nature protocol for audit timeliness is to have a maximum of 30 days pass from the date of fieldwork to the date the finalised report is provided to the client.

The table below indicates recommended timelines for various Preferred by Nature Certification process steps.

Table 5. Timelines in the Preferred by Nature certification process

Task	Responsible person	Days from finishing previous task
Audit draft report and exhibits to RRA Reviewer	Lead auditor	5 days from the date of fieldwork or desk audit ⁵
RRA	RRA reviewer	2 days
Audit report to client	Lead auditor	2 days
Client comments	Client	5 days
Information about finished job to CAS and audit team	RRA reviewer	Same day when RRA is finished
Final report to client (PDF file)	Lead auditor	5 days (30 days from the date of fieldwork or desk audit ¹)

Audit evidence and exhibits

The audit process involves the evaluation of different types of evidence, both in the form of documents, interviews, and observations. Audit evidence shall be carefully evaluated during the audit process and used to form the audit findings.

Collecting and storing exhibits for any audits conducted under Preferred by Nature Certification is not required.

However, it is recommended that specific evidence is collected where it is essential to providing documentation for non-conformances.

Examples could be evidence of document falsification, mistakes in product volume databases, evidence of incorrect documents for supply chains (Inconsistent or manipulated), pictures of non-conforming practices, information about conflicts or legal disputes, etc.

Public summary

Public information about Preferred by Nature certificates is available on the Preferred by Nature website.

For the assessment and reassessment of land-use and due diligence certificate categories, a public summary of the report must be prepared and published on the Preferred by Nature website.

The Task Manager (TM) for each job is responsible for preparing the public summary. This public summary report is prepared by removing all the annexes containing the

⁵ Also specified in service agreement.

checklist parts of the audit report. Once the public summary is prepared, it shall be uploaded to Salesforce under the engagement.

As a temporary solution, the communication team shall assist with uploading the public summary file on the website. Shortly, it shall be automatic once the file is marked for publication in Salesforce.

Report Review and Approval (RRA)

The RRA process follows the process described in the *Auditor Handbook*.

The checklist in Salesforce shall be filled in as required.

RRA shall always be conducted for assessment and annual audit reports. RRA is not required for CVA reports except when the CVA leads to certificate suspension, termination or reinstatement (change in the certificate status).

RRA is conducted exclusively by Preferred by Nature staff with Preferred by Nature certification auditor qualification (see Table 8. Overview of auditor qualifications) and has been formally approved to conduct RRAs. Approval of RRA status is kept on Salesforce. The person conducting the RRA shall not have been involved in conducting the audit.

7 Issuance of certificates

The certification decision is made as part of the RRA. Once the RRA has been concluded and all files have been uploaded to Salesforce, the certificate is ready to be issued, assuming all data is correctly filled in in Salesforce. The certification administration staff shall check Salesforce records for completeness and, if no issues are identified, shall proceed to issue the certificate and send related notice to the client.

8 Claims and Seal use

Organisations certified by Preferred by Nature can make claims related to the certification and may be allowed to use the Preferred by Nature Seal when certain conditions are met.

It is important to note that the claim use and seal use are managed as two separate aspects.

Claims related to the certified status of products in the scope of the certificate are available for all certified organisations and indicate that the product conforms with the requirements of the Sustainability Framework. Such claims are detailed in the Preferred by Nature “**Chain of Custody and Traceability Standard**” (PBN-05).

The Preferred by Nature Seal can be used by organisations that meet additional requirements to communicate their commitment to people, nature, and the climate in accordance with Preferred by Nature's Standards. There are specific additional requirements governing the use of the Seal, which are outlined in the **Seal Use Policy** (PBN-04).

Preferred by Nature Certification claims

The claims certified organisations can make regarding their Preferred by Nature certified products are regulated in the Preferred by Nature COC standard.

Preferred by Nature Certification uses two types of claims, as detailed in the table below.

Table 6. Preferred by Nature Certification Claim Types

Claim	Explanation
Preferred by Nature Certified - Sustainability Scope	<p>The Sustainability Scope refers to the full set of requirements (all indicators) in the Preferred by Nature Sustainability Framework.</p> <p>The full framework is developed to regulate the sustainable production of natural resources and aims to cover the full scope of core sustainability topics.</p>
Preferred by Nature Certified - Regulatory Scope	<p>The Regulatory Scope refers to a sub-set of requirements in the Sustainability Framework. These requirements centre on critical international or major consumer region regulatory requirements. In the Sustainability Framework, these are presently identified as requirements pertaining to the EU Deforestation Regulation.</p> <p>It is essential to make clear that the regulatory requirements are not distinct from the sustainability requirements. Instead, they represent a subset of the complete set of sustainability requirements, distinguished by their specific designations.</p>

In addition to the two primary claims about the level of conformance with the requirements related to sustainability and regulatory aspects, this Standard allows **two claims related to the origin tracking**:

- a) **Geolocation Preserved**, and
- b) **Source Preserved**.

Each of these “sub-claims” can be added to either of the claims “Sustainability Scope” or “Regulatory Scope”.

E.g. a claim scope with a origin tracking sub-claim could be: “Regulatory scope with geolocation preserved” means a certification where the product is certified against the regulatory requirements of the Preferred by Nature certification scheme, and have information that can track information back to the plot of land of production.

Table 7. Options for claims related to tracking of material origin.

Tracking sub-claim	Explanation
Geolocation preserved	<p>Material known to originate from a single plot of land or establishment or from a pool of plots of land or establishments. Where geolocation is an extension of land within a single real-estate property, as recognised by the laws of the country of production, which enjoys sufficiently homogeneous conditions to allow an evaluation of the aggregate level of the risk associated with commodities produced on that plot. Where applicable in this Standard, the plot of land is described by relevant geolocation data.</p> <p><i>Source: EU Deforestation Regulation (EU) 2023/1115</i></p>
Source preserved	<p>The source of material refers to a broader definition of the origin of the material. This may be a region of a country or a country only, depending on the use of the claim.</p>

All claims can be made on sales and transport documents and in any business-to-business communication. This includes claims that are put directly on non-final products for easy identification in the supply chain.

Claims related to the Regulatory Scope material are reserved for business-to-business use and are not allowed to be used in relation to final products or towards end consumers.

Evaluation of claim use

During audits, the auditor shall evaluate if the organisation has been using any claims. The audit shall evaluate any use of Preferred by Nature claims by evaluating:

- Claims on input materials (invoices from suppliers) and control of the claimed material.
- Use of claims for sales of products. This includes reviewing invoices, other documents, and public facing materials such as brochures and websites.

The auditor shall evaluate if the claims are being used correctly according to the CoC standard and ensure that correct claims are used for the selected type of CoC system.

Preferred by Nature Seal use

Please note that the **Seal Use Policy document** explains the conditions and options for seal use in more details. Every person involved in Preferred by Nature certification must carefully familiarise themselves with the full contents of the Seal Use Policy.

Preferred by Nature Certified organisations can use the Preferred by Nature Seal in **three ways**.

- To communicate the verified status of the organisation.** Certified organisations may use the Seal in their communication channels to indicate and communicate the certified status of the organisation.
- Segregation marking.** Organisations that manufacture, process or trade the products within the supply chain may use the Seal for segregation purposes.

Segregation marking is meant for business-to-business communication only, is not allowed on any final products, and may not reach **end users**.

3. **Final product use** – Final product use of the Seal refers to any use of the Seal in relation to **final products** that are sold to the **end user**. Final product seal use has two options: **on-product** and **off-product**. Final product Seal use aims to communicate to end users that the product has been produced in a way that benefits people, nature, and climate.

In addition to alignment with the Sustainability Framework requirements, organisations wishing to use the Seal in relation to final products must also conform with both of the following **two requirements**:

- A) The **product's carbon footprint** shall be managed, including measuring the footprint and having a transparent plan for related reductions of the product footprint. To do this, the organisation shall conform to the product-related requirements in the Preferred by Nature [*Carbon Footprint Management Standard*](#), AND
- B) the Organisation shall make a **financial contribution to projects that support climate-positive impacts** and generate positive benefits for people, nature and the climate.

Clients using the seal related to a final product shall make a **financial contribution to projects that support climate-positive impacts** and generate positive benefits for people, nature and the climate.

Organisations have **three options** for the Climate and Biodiversity Contribution:

- OPTION 1.** Contribute to Preferred by Nature projects
- OPTION 2.** Compensation through verified carbon credits
- OPTION 3.** Direct contribution to other projects

The specifics of these options are included in the Policy “PBN-04 Seal Use Policy”.

Audit preparation in relation to seal use

Prior to the audit the TM and Auditor shall ensure that the client has selected an option for providing the financial contribution and there is clarity on the scope of this, related to the results of the CFM certification. This shall be coordinated with the CFM auditor responsible for the CFM certification.

It is underlined that the “Seal Use Policy” contains normative requirements for the use of the seal by certified clients but also contains some explanation of the use of the seal. Therefore, the Policy shall be carefully understood by all staff involved in the Preferred by Nature certification programme.

Evaluation of Seal use

For product-related Seal use, organisations are required to submit the Seal use for approval before using the Seal. Once Preferred by Nature staff has confidence that the Organisation understands and follows the related requirements, Preferred by Nature may grant the Organisation a general approval. The general approval does not release the Organisation from following any other requirements, and Preferred by Nature still

reserves the right to check any Seal use at any time. The general approval may be withdrawn if the Seal is not used correctly.

Clients are expected to use the Seal according to the Seal Use Policy when approved for seal use. In addition to the Seal use policy, the certified organisation shall use the Seal according to the Preferred by Nature Seal Graphic Guidelines. Also, guidance has been developed that is also available on PBN website:

<https://www.preferredbynature.org/certification/preferred-by-nature-certification>

During the **audit**, the auditor shall confirm the type of seal use included in the certification scope and evaluate that the Seal is used as required. This shall be done to ensure that the company is aware of the seal use options and has implemented the appropriate actions to allow them to use the seal.

The auditor shall evaluate whether appropriate seal-use requirements have been met depending on the type of seal-use included in the scope.

Special requirements for final product seal-use

Special attention shall be given to clients that include seal use directly related to a final product in the certification scope.

For such client, additional requirements apply regarding Carbon Footprint Management certification and financial contribution benefiting climate and biodiversity (see separate section below).

9 CFM and Climate and Biodiversity Contribution

This section briefly outlines the general connection between the Preferred by Nature CFM programme and the Preferred by Nature Certification programme. It is not a full audit rule set – it only outlines some key considerations where CFM auditing is a requirement related to the use of the Preferred by Nature Seal.

Carbon Footprint Management (CFM) certification, as well as making a financial contribution benefiting the climate and biodiversity is a precondition to use the Preferred by Nature seal related to a final product.

The requirements for attaining CFM certification for clients are contained in the CFM standard and related report template. The requirements for making a financial contribution benefiting climate and biodiversity are found in the PBN-03 Seal Use Policy

If a client wants to use the Preferred by Nature Seal related to a final product, they shall be informed about the requirements to gain certification against the Preferred by Nature CFM standard using the “Product Carbon Footprint” requirements.

Under the Preferred by Nature Certification, the CFM certification is an integrated part of the process. While different auditors who have CFM knowledge shall normally check the carbon footprint part, no separate certificate shall be normally issued. Rather the scope of Preferred by Nature Certificate shall be marked as including also the carbon footprint of the products in the scope.

CFM auditing as part of Preferred by Nature Certification

When CFM certification is required, this needs to be added to the scope of the audit, and as far as possible, conducted in connection with the Preferred by Nature certification audit.

The TM shall ensure coordination with relevant staff from the Preferred by Nature CFM programme to coordinate certification activities, report development, etc. The TM of the Preferred by Nature certification shall ensure that a CFM auditor is engaged in the specific audit and informed about the scope.

CFM audits can often be finalised without an on-site visit, but the Preferred by Nature certification auditor may support the CFM audit process through the collection of some data and information during the client visit.

All three Certification Categories are eligible for CFM certification, as a pre-requisite to use the seal in relation to final products.

For land managers this would be cases where their products are packaged and labelled with the seal directly from the forest/farm. An example could be bananas labelled with the seal for the end consumer at the farm site. In this case, the farm would have to undergo CFM certification to account for the carbon footprint and compensate accordingly.

For CoC-certified companies, they would also need to achieve CFM certification before using the seal in relation to final products. An example could be a CoC-certified company buying a Preferred by Nature-certified product where the carbon footprint has not been accounted for. The company wishing to apply the seal to the final product would then have to ensure CFM certification with the scope of their supply chain, from production through processing to the final product.

The same is true for DDS-certified companies where the certified organisation must include the product included in the scope of the DDS as the basis for the CFM certification – again accounting for the carbon footprint, from the production through processing to the final product.

All of these categories however require CFM audit, only in case the seal is used in relation to a final product.

Requirements

The requirements for CFM auditing are found in the CFM standard and related report template.

Evaluating conformance

Though the CFM auditor shall be responsible for collecting evidence and preparing the CFM audit report, the Preferred by Nature certification auditor may support this process by collecting documentation if the auditor is conducting an on-site audit.

This shall be coordinated with the CFM team and agreed upon prior to the audit.

The TM shall be responsible for clarifying any CFM auditing issues before the audit.

Reporting

A separate CFM report shall be prepared for the organisation and shall be uploaded under the organisation's Preferred by Nature certificate in Salesforce.

10 Roles and responsibilities

Various people are involved in the implementation of Preferred by Nature's certification programme. To ensure an effective implementation of programme requirements, all Preferred by Nature personnel (Preferred by Nature staff, and contracted personnel, e.g. external auditors, translators etc.) managing and performing evaluations shall meet specific qualification requirements necessary to carry out their assigned role(s)

Below is a short description of the various roles and general tasks relevant to the Preferred by Nature Certification program. A more complete description of the specific responsibilities for each role is provided in the Auditor Handbook.

Audit team members

The following outlines the roles of different team members.

Auditor - All Preferred by Nature Certification programme auditors shall:

- Have a working understanding of Preferred by Nature generic auditing and certification procedures as described in the Auditor Handbook;
- Have a working understanding of the Preferred by Nature Certification programme rules and process as described in these Rules (this document);
- Support the Lead Auditor in carrying out the audit activities;
- Maintain requirements of confidentiality, independence, and objectivity;
- Safeguard and return reference documents to the client or other parties obtained during the audit;
- Fulfil the work requirements and timelines defined in the terms of reference established; and,
- Maintain a professional attitude and appearance.

Lead Auditor - The Lead Auditor reports to the Task Manager⁶ and is responsible for conducting and managing the audit team. The points above applicable for auditors also apply to Lead Auditor. In addition to these points, the Lead Auditor shall:

- In collaboration with the TM and Auditee, design an audit plan which permits full evaluation of the certification standard, meets Preferred by Nature and the scheme sampling requirements, considers the schedules and/or shifts of the certificate holder to be audited;
- Design in coordination with the TM the stakeholder consultation process;

⁶ If Task Manager and Lead Auditor are different persons.

- Serve as the primary liaison with the client;
- Organise and coordinate, with the FME, the opening and closing meetings;
- Coordinate and guide assessment and audit team members during all phases of the audit (planning, fieldwork and report preparation);
- Ensure that the audit plan is successfully implemented; and
- Ensure on-time delivery of a high-quality final draft report to the TM and ensure timely follow up on any identified issues after delivery of draft report.

Technical expert - Individuals (including translators, interpreters) who are not qualified auditors, but are participating to provide specific knowledge for a particular area/ topic being evaluated or to provide service to the audit team. Technical experts are subject to all normal requirements regarding confidentiality and conflict of interest. They operate under the direction of an auditor and do not unduly influence the audit. Refer to **Auditor Handbook** section 1.2.2 (forming the audit team) for specific requirements related to the participation of technical experts.

Witness auditor - Qualified auditor qualified to conduct auditor performance evaluations (witness audits).

Other roles

Task Manager (TM) - A person conducting administrative functions of certification audits by directly working with clients and communicating with various Preferred by Nature personnel. A sample of tasks includes audit budgeting, scheduling, completing Salesforce. Task Managers shall have at least Junior auditor qualification and Preferred by Nature Salesforce database knowledge.

RRA Reviewer - Quality reviewer formally approving audit and/or assessment reports and making the certification decision through a Report Review and Approval (RRA) process. The RRA Reviewer is always different from the auditors who conducted the audit. Responsibilities may also include expanding or reducing the scope of certification, suspending or restoring certification, withdrawing certification or renewing certification (Some overlap with TM). A sample of tasks includes reviewing reports, ensuring report/database congruency, and providing feedback to auditors and Task Managers. RRA reviewers shall have at least Auditor qualification, knowledge of RRA procedure (Auditor Handbook, Annex L), knowledge of Preferred by Nature Salesforce database and demonstrated skills to complete RRA quality review records.

Certification Administrator (Cert Admin, Certification Administration Staff, CAS) - Person conducting services administration through communication with clients, Task Managers, and other Preferred by Nature personnel. A sample of tasks includes preparing client letters, issuing/updating certificates, and database entry. Refer to the Certification Administration Handbook for details on initial qualification and training requirements.

11 Auditor qualifications

The general auditor qualifications identified in the Preferred by Nature [Auditor Handbook](#) are applicable to Preferred by Nature auditors.

In order to attain auditor qualifications, the auditor shall successfully complete a Preferred by Nature Certification training course and hold qualifications as an auditor from a relevant certification system such as FSC or RA, depending on the evaluation type.

NOTE: At the time of writing the Preferred by Nature Certification auditor training is under development into a full course, and as an interim measure auditors shall watch the available auditor information training and read applicable auditor materials.

The following rules apply:

- If Preferred by Nature Certification concerns forest management, FM auditor qualifications from FSC are required, if Preferred by Nature certification evaluation relates to agricultural commodities, relevant auditor competence shall be held for the specific crop in question, from Rainforest Alliance (RA) or other relevant agricultural certification schemes.
- As such, the qualifications as a Preferred by Nature Certification auditor builds on qualifications already achieved through existing training programmes for auditors within other certification schemes offered by Preferred by Nature. This is supplemented by training and information specific to the Preferred by Nature certification program, including the info in these Certification Rules.
- Qualified Preferred by Nature Certification auditors shall continuously maintain their knowledge of the latest requirements, changes, and interpretations. This shall be done through “update sessions” during Preferred by Nature’s online training days and during various Preferred by Nature events, including Development Week.
- All training received shall be recorded in Salesforce. Each auditor is responsible for maintaining their own Salesforce training record updated.
- If the auditor does not fulfil requirements, qualification shall be suspended. Reinstatement of auditor qualification is approved by the Sustainability Framework Programme Service Manager or Preferred by the Nature Quality Manager.
- RRA reviewer shall have active qualification as an auditor for the Preferred by Nature Certification programme.

Auditor qualification for Preferred by Nature Certification is added to Salesforce as a “competence”. This is currently done by the Preferred by Nature Certification programme manager (Christian Sloth).

Table 8. Overview of auditor qualifications

	Scope	Education	Experience	Auditor training	Other relevant requirements
First approval of auditor	For all Preferred by Nature audits	Tertiary education	Minimum of three (3) years full time experience with forest, farm management, CoC or DDS certification.	<p>Passed FSC or RA lead auditor training, as applicable for the scope (e.g. FSC FM required to audit Preferred by Nature Certification for forest management).</p> <p>Have completed available training on the Preferred by Nature certification programme, including:</p> <ul style="list-style-type: none"> - Fully familiarising themselves with the PBNC Auditor Handbook. - Watching available recorded training video materials available on the Preferred by Nature certification HUB. 	Minimum of 3 audits as a trainee (*) and successfully pass the witness audit – or equivalent experience from other relevant certification training.
	Land Use Certification	Tertiary education in qualification in forest management or agriculture and/or labour/social issues covered by the scope of the Framework	<p>Minimum one year experience as auditor of either of these schemes:</p> <p>FSC, PEFC Forest Management audits, or experienced auditor with evaluation of FSC CW in the field where the mitigation measures are like Preferred by Nature due diligence mitigation measures.</p> <p>OR</p> <p>RA agricultural standards auditor.</p>	Same as above	Minimum of 2 audits as a trainee and successfully pass the witness audit or equivalent experience from other relevant certification training.
	Due Diligence Certification	Tertiary education in qualification in forest management, agriculture and/or other	Experience in the implementation or certification of due diligence systems, such as the FSC CW programme, the EU Timber Regulation	<p>Same as above, plus:</p> <ul style="list-style-type: none"> - Passing training on Due Diligence systems (this is so far part of the LegalSource training, an updated training 	Minimum of 2 audits as a trainee and successfully pass the witness audit or equivalent experience from other relevant certification training.

		natural resource management and/or labour/social issues covered by the scope of the Framework.	or other due diligence systems.	shall be launched in March 2024).	
	CoC Certification		Minimum one year's experience from CoC certification from another relevant certification scheme.	CoC qualifications from FSC, PEFC or RA certification schemes	A minimum of 2 audits as a trainee and successfully passing the witness audit or equivalent experience from other relevant schemes.
	For all Preferred by Nature Certification auditors	Minimum of three (3) years full-time experience in the forest or agriculture product sector	Ongoing experience and regular work with the SF for relevant service types	Successfully passed any auditor training courses that are required to maintain competence. Maintain their competence regarding SF interpretations, procedures and best audit practice through regular training events	Minimum of three (3) Preferred by Nature audits per year, or equivalent experience from other relevant certification training.
Maintenance of qualification	For all Preferred by Nature Certification auditors	-	Minimum 3 audits in Preferred by Nature certification, or remaining active status as auditor for another relevant scheme (currently FSC or RA).	-	-

12 Salesforce data

The Preferred by Nature Certification is tracked in Salesforce like other certification services that Preferred by Nature is working with. There is a dedicated engagement and certificate record type in Salesforce for Preferred by Nature Certification. More information is provided to Preferred by Nature staff in the Preferred by Nature Certification Handbook about how to use Salesforce as a data management tool.

Part 2:

Rules for specific certification categories

This part of the Rules contains the specific directions for the three different **Certification Categories** of PBN Certification: **Land-use, CoC and Due Diligence**. In each of the sections, the rules specific to the Preferred by Nature Certification programme are outlined.

Note that references are made to existing handbooks and auditing rules of Preferred by Nature's other certification services, where applicable. Focus of the present Certification Rules is on requirements that are specific to the Preferred by Nature Certification programme.

13 Land-use certification

Certification of land use, such as farms or forests, is one Certification Category of Preferred by Nature Certification. The purpose is to evaluate land-use managers against the sustainability requirements of the Sustainability Framework.

Requirements for land-use certification

This Certification Category is, in many aspects, similar to the certification services described in the [Forest Management Service Handbook](#) and the [Rainforest Alliance Sustainable Agriculture Service Handbook](#), and the audit process is generally similar. However, there are some specific aspects of Preferred by Nature Certification that differentiate the services from other land-use certification services.

The Sustainability Framework is the core standard for auditing land managers. In the Framework it is marked which indicators apply to land-use management.

Use **Table 3**, "Overview of relevant standards and requirements for different Certification Categories and Claim Types", to identify the relevant requirements to audit against.

Land-use certification always includes evaluation of:

- a) PBN-01 Sustainability Framework applicable requirements
- b) PBN-02 Systems Requirements
- c) PBN-05 CoC requirements for Land Managers

Depending on the scope of the audit, additional requirements may be relevant:

- a) PBN-04 Seal Use Policy
- b) Group and multi-site requirements of the PBN-02 System requirements standard
- c) Carbon Footprint Management standard and financial contribution to climate and biodiversity.
- d) Ecosystem Restoration standard where restoration has been deemed necessary.

Scope definition

The scope of the evaluation is determined depending on the following:

- a) **Land-use type:** agriculture or forestry.

- **Type of certificate:** Single site operation or group of forest managers or farmers).
- **Existing Certification:** requirements for add-on certification.
- Claim types:
 - a. Main claim: Sustainability or Regulatory scope
 - b. Tracking sub-claim: Geolocation preserved or Source preserved
- **Seal use:** One of three option:
 - i. Segregation
 - ii. Certified status of organisation
 - iii. Final Product seal (on- and off-product)
- **Excision rules for crops: Crops to include/exclude** in the scope – land managers can choose to limit the scope of the certification to, e.g. one of several crops.
- **Excision rules for areas:** Areas included and excluded (if applicable) in the certificate scope, including locations of main offices and any supporting facilities (e.g., nurseries, offices, etc.).
- **Sampling within management unit:** Site visits depend on the location and number of operations included in the scope of the evaluation and the required sampling intensity.
- **Stakeholder consultation:** Determination of the appropriate level of effort for stakeholder consultation taking into consideration existence of legal or customary tenure rights within the FMUs/farms, the existence of Indigenous or community groups within or adjacent to the FMU(s)/farms, etc.

The following points treat each of the above issues in more detail.

Group certification

As mentioned in Section 4, one aspect of the certificate scope is understanding if the client is acting as a single management unit, a group of individually owned and managed units under a common management system (Group Certification). Group requirements are in the standard “**PBN-02 Systems requirements**” and are also included in the audit report template.

Claims

The claim to be used shall be determined prior to the audit. Either the claim can be Sustainability scope or Regulatory scope.

“Sustainability Scope” means that the full checklist of all applicable Sustainability Framework indicators shall be used.

“Regulatory Scope” means that the client shall only be evaluated against relevant requirements of the standard “PBN-13 EUDR Indicators”.

The sub-claims on traceability also apply to land-use organisations, in which case the relevant requirements for either Geolocation or Source Preserved shall be audited.

Seal-use

Land-use entities may also choose to use the Seal. In most cases, seal use from a farm or forest would be general seal use related to the fact that the organisation has been certified by Preferred by Nature. The organisation can use the seal B2B to identify and allow segregation of certified material when selling raw materials to buyers for further processing.

Seals used for B2B identification (segregation use) may not be placed on products that shall end up on the final product or the end user.

In cases where the organisation manages an integrated operation that also manufactures and sells final products, it may also be allowed to use the Preferred by Nature Seal related to the final product. In this case, they shall be certified also against the CFM standard and make a financial contribution to support the climate and biodiversity.

Add-on certification

Companies that are already certified against an existing certification system, such as RA or FSC, shall be evaluated using the Sustainability Framework add-on indicators.

Where possible, the audit of the existing certification scheme and the Preferred by Nature certification shall take place simultaneously to limit audit time and costs. If the client prefers and wants to add Preferred by Nature certification earlier than their annual audit, this is also possible.

Separate Audit Report Templates are available in SharePoint for each of the certification schemes PBN have benchmarked.

Selection of area to audit (excision rules)

A certification client has the option to restrict the scope of certification based on specific areas and products. It is crucial for the client to precisely define both the product and area scope before undergoing audits.

Product excision

For instance, consider a rubber plantation that also oversees tea cultivation; in this scenario, the client may choose to limit the certification scope to only cover rubber latex and rubber wood, excluding tea from the certification.

When certain products are excluded from the certification scope, as illustrated in the above example, the client is obligated to encompass all products related to the same crop within the scope. To clarify, a farm cultivating oil palm cannot selectively include only a portion of the Fresh Fruit Bunches produced during a harvest season; the inclusion must be comprehensive.

Area excision

Similarly, regarding the scope of certification in terms of areas, the client shall encompass all management units under the organisation's jurisdiction. Exceptions to this rule may exist in situations where specific areas of a farm or forest need to be excluded due to factors affecting the area beyond the control of the certified organisation. However, these instances shall be evaluated on a case-by-case basis and must receive approval from the TM.

The product and area scope shall be clearly defined prior to audits.

Conformance evaluation

In general terms, the evaluation of conformance of farms and forests is like the conformance evaluation conducted in RA and FSC certification audits. The handbooks from those services shall also be used as guidance for conformance evaluation.

The auditor(-s) shall evaluate all requirements of the Sustainability Framework that are relevant to land managers.

The Forest Management Service Handbook shall be used for forest management audits as a basis for guiding the auditing. Annex B of the FM Services Handbooks is particularly relevant to conformance evaluation.

For farm management audits, the conformance evaluation guidance in the **Rainforest Alliance Sustainable Agriculture Service Handbook - Farm scope** shall be used as a reference.

Sampling of organisations with multiple land units and locations

To evaluate conformance of clients that manage operations with multiple sites the auditor must ensure that a representative sample is used to plan on-site visits during assessments and audits.

The goal is to audit the operation intensively, sampling across sites, plots of land, management situations and variables to ensure that adequate information is gathered about the conformance with the certification standard.

- a) **Stratification and random selection**: Select a mix of stratified and random selection of sites weighing the most prevalent operation systems. As an assessment team you must develop a cross-section of possible sites to visit, of which a few shall be randomly selected. Given the limited time window of an assessment, it is typically not possible to witness all stages of management happening simultaneously. However, sites reflective of different stages of management that maximise the number of management variables shall be observed.
- b) **Optimise your time**: choose sites where you can see multiple facets of management.
- c) **Division of labour**: who shall visit which site.
- d) **Use the landowner**: Ask for examples of the best and the worst (i.e. what are their management challenges)
- e) **Focus on the risk areas**: make sure that you spend sufficient time in the areas where the problems/issues are more likely.

The sampling of sites to visit during assessments and audits is not fixed. It is up to the auditor and the TM to consider the aspects of the operation, define the sampling intensity, and provide a justification for the chosen sampling.

Scope change audit

The objectives of change of scope audits are varied and depend on the organisation's specific situation. Objectives shall be similar to assessment or audit objectives depending on the scope change request. TMs shall strive to persuade clients to incorporate scope change audits into the normal annual audit process whenever possible for efficiency. Preferred by Nature reserves the right to perform a site visit for any requested change in certificate scope. Any proposed change in scope that Preferred by Nature deems too significant shall require an onsite audit prior to the scope change being approved.

The audit team composition shall depend on the audit's scope, but at minimum contain a qualified lead auditor registered with Preferred by Nature.

Fieldwork activities shall vary and depend on the scope of the audit. Activities shall be consistent with assessment or audit fieldwork activities detailed above, dependent on the sampling strategy and intensity (i.e. assessment or audit).

The report shall provide a detailed description of the scope of the evaluation and relevant changes in the management structure, systems and scope of the existing certificate.

Change of scope audit report review follows the steps detailed for annual audit report review and finalisation described above.

Group certification

The basis of group certification is that the land use entities (farm or FMU) of each group member must comply with all the requirements of the Preferred by Nature standards. Certification requirements implemented in the forest (e.g. maintenance of habitats, streams, and species diversity) must be satisfied within each property member on an individual basis, appropriate to the size and complexity of the area concerned.

The responsibilities for meeting requirements may not be 'traded' between different members or properties (e.g., one member meeting all conservation objectives whilst another does not meet any).

Group certification requires visiting a sample of group members during assessments and audits.

Sampling for group certification

The sampling of group members to audit shall ensure that a representative sample of members are visited, which enables evaluation of all relevant standards and requirements. Rather than having fixed sampling equations, a risk-based approach is used in Preferred by Nature Certification. This way, more group members are visited in high-risk situations and less in low-risk situations.

Determining the sample size for group certification evaluations involves considering various factors, such as:

- a) The total number of Group Members within the certificate scope.
- b) The different types of operations included in the scope.
- c) The size of Group Members within the scope.

- d) Risk factors, stakeholder complaints, or past performance issues that warrant increased sampling intensity.

The risk determination is based on the country risk assessments available on the Preferred by Nature Sourcing Hub, and the sampling shall thus also depend on the availability of these risk assessments. In case of an absence of the risk assessment, the sampling rules for medium risk level, must be used as default option.

Table 9. Sampling size calculation

Risk level	Sample for assessment	Sample for annual audits
Low	$y = 0.4 * \sqrt{x}$	$y = 0.2 * \sqrt{x}$
Medium	$y = 0.6 * \sqrt{x}$	$y = 0.3 * \sqrt{x}$
High	$y = * \sqrt{x}$	$y = 0.5 * \sqrt{x}$
y = sample size; x = number of sites Sample size shall always be rounded upwards to the whole number.		

The audit team is responsible for establishing and documenting the sampling methodology for the group certificate assessment. This methodology, along with its description and justification, is an integral part of the assessment report. Every member selected for assessment within the sample must be thoroughly evaluated to ensure compliance with all requirements of the Sustainability Framework standard.

While not all members may be selected for evaluation by the TM, each member must fully adhere to the Preferred by Nature standard regardless of selection.

Sampling levels for candidate pool members shall be based on a clearly justified stratification, considering: a. Geographic homogeneity (e.g., forest type). b. Management homogeneity (e.g., silvicultural system, management system, personnel involved in management).

For all operations, inspections at each distinct forest area must ensure a comprehensive representation of sites and operations (e.g., current harvesting, recent re-planting, older replanting) to establish a solid factual basis for reaching conclusions about conformance and non-conformance with the applicable certification standard.

Group conformance

As mentioned, all group members must meet all applicable requirements of the Sustainability Framework.

Group Failure

Preferred by Nature defines 'Group Failure' as major non-conformance with critical requirements related to group entity responsibilities in group certification. These requirements include but are not limited to:

- a) Administrative requirements (e.g. group member consent forms);

- b) Evaluation of group member conformance before entry of member into the scope of the group certificate;
- c) Record keeping and reporting requirements;
- d) Monitoring requirements to ensure continued group member conformance with applicable standard requirements;
- e) Follow up actions to ensure group members comply with NCRs issued by Preferred by Nature and/or corrective actions issued by the group entity; and
- f) Failure to fulfil group member responsibility(s), sufficient in number, extent and/or consequences to demonstrate that the group entity's responsibility for monitoring or quality control has broken down.

If major non-conformances are detected with the above requirements, then there is a 'group failure' and normal Preferred by Nature procedures for NCRs apply (i.e. no certificate issuance in the case of assessment or reassessment until conformance is demonstrated or issuance of a Major NCR with appropriate timeline in the case of annual audits).

Member Failure

Preferred by Nature defines 'Member Failure' as major non-conformance with critical Preferred by Nature requirements related to group member responsibilities in group certification or numerous minor non-conformances that together identify a fundamental failure. These requirements include:

- a) Systematic failure to fulfil group member responsibility(s) as defined by the group entity, sufficient in number, extent and/or consequences to result in major non-conformance(s) with Preferred by Nature standard requirements.
- b) If major non-conformances are detected with the above requirements, then there is a 'member failure' and normal Preferred by Nature procedures for NCRs apply (i.e. no certificate issuance in the case of assessment or reassessment until conformance is demonstrated or issuance of a Major NCR with appropriate timeline in the case of annual audits). Depending on the number and seriousness, 'member failure' shall lead to NCRs, suspension, or expulsion of a group member.

NOTE: the number, as well as the seriousness of member failures, may each contribute to a group failure: many minor failures or few major failures may both suggest a breakdown in the group system for quality control and may be considered sufficient reason to withdraw a group certificate.

Stakeholder consultation

Stakeholder engagement is an important aspect of the evaluating land-use practices and shall be included carefully in the assessment and auditing of Preferred by Nature land-use certification clients.

In Preferred by Nature Certification, PBN differentiate between "*formal*" and "*ad hoc*" stakeholder consultation.

Formal stakeholder consultation shall be applied in cases where risks related to applicable criteria of the Sustainability Framework has been identified prior to the audit

and: 1) the risks are significant enough to impact the potential conformance of the organisation and 2) the risk is relevant to identified stakeholder group(-s). In such instances formal stakeholder consultation shall be planned before the audit and implemented as described below.

Ad-hoc stakeholder consultation refers to a more informal process where stakeholders (internal as well as external) are interviewed during the audit to assess the conformance of the organisation under evaluation.

Risk based approach to stakeholder consultation

Preferred by Nature applies a risk-based approach to stakeholder consultation. This means that TM's and Auditors shall evaluate any potential risks related to the operations under audit during the audit planning and based on that, define the stakeholder consultation process needed.

This means that there may exist cases where an audit or assessment may be conducted without any stakeholder consultation if no risks that are relevant to any stakeholders are identified.

Formal stakeholder consultation process shall be conducted when:

- a) Risks have been identified for Sustainability Framework criteria that are relevant to the operation under evaluation.
- b) The risks identified are affecting one or more group of stakeholders and
- c) The evaluation of the issue can be supported by securing input from stakeholders.

The formal stakeholder consultation process is described below.

It is underlined that auditors have to, as needed for conformance evaluation, conduct *ad hoc* interviews with staff on-site during assessments and audits.

Formal stakeholder consultation for assessments

The following rules for this process apply to all Preferred by Nature land-use certification assessments (when needed according to risk assessment).

Risk assessment:

- Auditors shall conduct a risk assessment before the audit, to identify areas where non-conformance with the Sustainability Framework is most likely to occur – using local knowledge and the Sourcing Hub Risk Assessments. The risks shall be evaluated for all relevant criteria of the Sustainability Framework.
- Note that it is expected that *ad hoc* consultation is conducted during all on-site assessments with workers and staff of the client's organisation to evaluate conformance against the Sustainability Framework.

Identify key informants:

- Where risks have been identified, the TM and auditor shall identify key stakeholders relevant to identified risks that shall be informed and consulted.
- Auditors shall network with local organisations and community leaders to identify key informants within high-risk stakeholder groups.

Consultation methods:

- Where necessary to ensure stakeholders are properly informed, the auditor shall notify the stakeholders about the assessment and intended stakeholder consultation well in advance of the assessment audit.
- Auditors shall use risk assessment findings to focus on the discussion and the questions asked to stakeholders.
- Auditors shall adapt the consultation methods to the specific needs of each stakeholder group, such as individual interviews, focus group meetings, workshops, written information in public fora, etc.
- Auditors shall schedule planned consultation meetings at convenient times and locations for all stakeholders, considering factors such as transportation availability and childcare needs.
- Consultation may also include *ad hoc* interviews with managers, employees, and contractors during site audits.
- Consultation and interviews with stakeholders (including workers, staff or subcontractors) shall, as far as possible, be carried out in confidence. Consultation and interviews shall, therefore, be carried out without the presence of the owners/managers and/or their representatives or supervisors.
- Auditors shall use interpreters or translation services to ensure that consultation materials and discussions are accessible to relevant stakeholders.

Integrate feedback into audit findings:

- Auditors shall summarise stakeholder feedback in the audit report, highlighting areas of concern, potential non-conformities, and recommendations for improvement.

Track progress:

- Auditors shall maintain records of stakeholder feedback and monitor the implementation of corrective actions based on those suggestions in the audit report.

Communicate with stakeholders:

- Auditors shall ensure the sharing of audit findings and recommendations with stakeholders in a clear and concise manner, providing opportunities for feedback and clarification.

Stakeholder consultation for surveillance audits

The auditor shall conduct stakeholder consultation during surveillance evaluations as necessary to collect audit evidence to verify the continued conformity of the certificate holder with relevant certification requirements.

This means that TM and auditors shall ensure that they evaluate if any follow-up on existing consultations is needed to establish continued conformance by the client or if new issues are appearing, demanding continued or new engagement with stakeholders.

It is also required that auditors conduct *ad hoc* interviews with staff and managers of the organisation during audits to continuously ensure input to the conformance evaluation from contractors, staff and managers.

Restoration of areas converted in the past

Where companies have been involved in forest conversion in the past, they are required to undertake restoration activities. Preferably, these shall be in the same or surrounding areas which have been converted; however, in some cases, this may not be possible, in which case restoration of different areas with similar ecological value is also acceptable. The restoration activities are evaluated against relevant requirements of the "Preferred by Nature Ecosystem Restoration standard". The use of the Ecosystem Restoration Standard shall be done by staff competent in using this standard and in coordination with the Preferred by Nature's Ecosystem Restoration team.

Remediation of past harm related to human rights

The Sustainability Framework contains annex A with requirements for companies that have negatively impacted human rights in the past and shall have to remediate those actions. These cases shall be agreed with the client and be coordinated with the Task Manager.

CoC for land managers

During the planning phase, the Task Manager shall investigate client processing details and determine whether a full COC assessment is required:

- a) Clients without processing facilities shall be assessed using Preferred by Nature Chain of Custody requirements for land managers. The standard checklist is included in the Preferred by Nature Certification report template.
- b) Clients with processing facilities must have their processing facilities evaluated against the main Preferred by Nature COC standard requirements. In such situations, report checklists for CoC standards for land managers are completed, and a separate CoC report is prepared for the processing part. The checklist for Preferred by Nature land management-COC requirements covers COC up to the forest/farm gate, and the COC standard covers the processing systems.

A separate and complete COC assessment and report must be prepared to receive Chain of Custody Certification independent of a forest management certification. The Chain of Custody assessment may take place at the same time as the land management assessment, but only by qualified COC auditors.

Claims

Certified land managers may also make claims, depending on the scope of the certification.

Where the land manager chooses to make claims about the certified status of the material sold, they can do so and shall be evaluated against the CoC requirements for land managers. They can choose to be certified against the full Sustainability Framework and make the claims: "**Sustainability Framework Certified- Sustainability Scope**" or

certified against the subset of indicators as outlined in PBN-13 and use the claim “**Sustainability Framework certified – Regulatory Scope**”.

Also, land managers may choose to add a traceability claim to the main claim. Where the sub-claim “**Geolocation Preserved**” is implemented, the organisation shall transfer geolocation data and harvest time to their buyers. If the claim is only “**Source Preserved**”, the organisation shall ensure to transfer the origin of the material in the form of the name of the forest or farm or other similar and relevant information about the origin.

14 Chain of Custody certification

The purpose of CoC certification is to confirm that the company is correctly accounting for the material volumes under the Preferred by Nature certification scheme and is using the correct claims (Sustainability Scope or Regulatory Scope).

Requirements for CoC certification

The requirements for organisations audited for CoC are found in the following Preferred by Nature standards:

- a) PBN-05 CoC Standard.
- b) The processing requirements of the **PBN-01 Sustainability Framework** shall always be evaluated as well.
- c) Requirements for systems to be maintained by the organisation are found in the **PBN-02 System Requirements Standard**.

Checklists with the relevant requirements are found in the **Report template**.

Please refer to Table 3 for an overview of the normative requirements applicable to COC certification.

Scope definition

Following are the areas that are important to define certificate scope:

- a) **Claim type:** Sustainability Scope or Regulatory Scope and sub-claim Geolocation Preserved or Origin Preserved.
- b) **Certificate type** (single, multi-site, group).
- c) **CoC model** - segregation or mass balance.
- d) **Product types** – single component or multiple component products.
- e) **Existing certifications** – where existing certifications exist, an add-on certification shall be provided.
- f) **Sites** (including management offices and sales offices in addition to location with physical products).
- g) **Operations** (e.g., company type, as well as processes and systems).
- h) **Product groups** (including input product types and material categories, species when applicable, and output product types and claims).

Add-on certification - verifying already certified organisations

For CoC certification, the existence of a CoC system from other certification schemes, can mean that the Organisation already has established procedures, systems and processes that allow them to manage different material categories with different claims associated with them. This shall obviously make it easier for the Organisation to add Preferred by Nature-certified material to their system. However, the claims under Preferred by Nature Certification are unique, and thus, it is important always to check and verify that the organisation is aware and has a system to manage and use these claims properly.

If Preferred by Nature is already auditing the organisation against existing CoC standards, the audits shall be planned together to save time, and the evaluation of Preferred by Nature certification-specific material management shall be included as part of the auditing for other schemes CoC standards.

For add-on certification, the company shall have a system (along with their existing CoC system) in place to manage Preferred by Nature-specific claims and control Preferred by Nature-certified material. Compared to their existing procedures, evaluation of these additional systems shall be the focus of the Preferred by Nature Certification add-on audit.

COC conformance evaluation

The audit evaluation is an analysis of the company's systems in place to meet the applicable certification requirements for its specific certificate scope. An audit evaluation begins with an opening meeting and is followed by, in no order, a discussion of procedures, an inspection of the facility, interviews with staff, review of documents and direct observation.

The auditor shall use the conformance evaluation sections of the Preferred by Nature CoC Handbook for guidance.

Evaluation of CoC requirements

A key component during the audit process is **evaluating all applicable CoC requirements** in the CoC standard.

During annual audits, it is important to focus on the practical implementation of the system. The general requirements are provided in the report checklist found in the Preferred by Nature certification **Report Template**.

The following aspects shall be evaluated during annual audits when applicable:

- a) Written documented procedures;
- b) Product group list;
- c) Record of suppliers;
- d) Records of origins of material for traceability systems (if applicable)
- e) Training records;
- f) Purchase documentation with input specifications and supplier documentation;
- g) Sales and transport documentation;
- h) Volume data for inputs, raw material and final stock, sales;
- i) Systems for recording and calculating mass balance credit system (if used);

- j) Use of the Preferred by Nature seal and logo;
- k) Handling of sub-contracting activities;
- l) Internal audits and management review;
- m) All open NCRs that are due and the evidence to close NCRs;
- n) Complaints, disputes and their resolution.

A Preferred by Nature Chain of Custody certificate may be issued before the company has taken physical possession of Preferred by Nature-certified material if the auditor is satisfied that an operational CoC system is in place and there is good awareness among all relevant staff of its implementation.

Also, remember that Preferred by Nature aims to implement the certification system as a performance-based programme, so focus on the performance of the client rather than just on the existence of documents and procedures.

Evaluation of processing requirements

Organisations that process raw materials or semi-finished products shall also be evaluated against the processing requirements of the Sustainability Framework.

The CoC certification includes the evaluation of conformance by the organisation against the applicable processing requirements of the Sustainability Framework. This includes evaluation of legal compliance, health and safety and other issues related to worker's rights. For larger and more complex operations, written procedures shall be available, where this may not be the case for micro and small enterprises.

Where available, auditors shall review the company procedures before on-site evaluation.

It has multiple benefits, including letting the company know if the procedures are so inadequate that an on-site visit is not yet feasible. Review of any updates shall also be conducted prior to annual audits. In case there have been changes in the requirements or the company, these shall be reflected in the procedures and shall be reviewed. During procedure review, check the coverage of the following aspects (some aspects may not always be applicable):

The established procedures needed to be maintained and up to date.

Multi-site sampling for assessments and audits

Multi-site certification is designed to certify large enterprises linked by common ownership or legal/contractual agreements. This model makes certification easier and cheaper for large enterprises benefitting from centralised administration and internal control. The auditor must always check that the organisation is actually eligible for the type of certification. In the case of multi-site certification, this would require the auditor to check ownership structure and/or management system procedures.

The following table describes the minimum sample intensity for multi-site evaluations. Please note that the Central Office must always be included and evaluated in addition to the sample below.

Table 11. Multi-site sample intensity

Audit Type	Sampling Equation	Notes
Assessment and Reassessment	$y = \sqrt{x}$	Applied to each subset of sites
Annual Surveillance Audit	$y = 0.6\sqrt{x}$	Applied to each subset of sites
<p>y = sample size; x = number of sites</p> <p>Sample size shall always be rounded upwards to the whole number.</p> <p>The Central Office does not count as part of the sample size.</p> <p>The Central Office shall be visited for every audit.</p>		

The next step is to determine the sites that shall be visited during the evaluation. Following are the criteria the auditor shall use in setting up the plan for sites to be audited to ensure the sample is representative of the organisation as a whole:

Table 12. Criteria for multi-site audit planning

Criteria	Notes
25% selected at random	Once the number of sites to audit is determined, 25% shall be selected at random, and the other sites chosen considering the criteria below
Sampling is representative of geographic distribution	Sites chosen shall cover the geographic range of all participating sites
Personnel responsible for management are considered	Sites chosen shall ensure that a variety of responsible personnel are interviewed, e.g., several sites may share a site manager, so it is important to sample other sites with different site managers.
Size of participating sites	Sites chosen shall reflect varying sizes of operations
Potential weaknesses	During assessments, the CO may indicate some sites had weaknesses identified during internal audits; these shall have priority for sampling. Likewise, give priority to sites that have had weaknesses identified during previous external evaluations.
Modifications	Give priority to sites where the systems or site characteristics have changed since the last evaluation
Activities and/or products produced	During assessments, prioritise sites that have ongoing or recent activities.
Stakeholder complaints	Give priority to sites that have had complaints raised or allegations of non-conformities.

Evaluation of Central Office vs. Sites

Evaluation of the Central Office and participating sites are different processes. The job may include more than one auditor, and, in this case, the Central Office auditor needs to take responsibility for the report. The Central Office auditor shall fill in the body of the report for conclusions and audit process. Additionally, this auditor shall review all contents of the report to ensure a consistent report without any information gaps. Alternatively, the TM may assume this responsibility.

Central Office evaluation shall include **verification of the multi-site management requirements**, including responsibility, documented procedures for multi-site/group management, and training at the site manager level. Site management is extensive with requirements for ensuring the eligibility of participating sites, evidence of internal audits, and collation of records, including volume summary data. The focus is largely on the awareness of the staff and the actual implementation of activities to control the participating sites. As multi-site operations are usually large companies, availability, clarity, and consistency of procedures are also important.

It is the responsibility of the Central Office to collate data for volume summaries and trademark use for all members. This requires the Central Office auditor to ensure these details are included in the necessary sections within the report, including the trademark checklist.

Once all sites are audited, there may be systematic performance issues that reflect on the Central Office and, therefore, require NCRs at the Central Office level. This is important for the Central Office auditor to detect once all results from the sites have been gathered.

Additionally, evaluation of the Central Office requires an analysis of the management system, including staff capacity, to handle changes to the certificate scope in terms of increasing the number of members and/or adding members that differ operationally.

Desk audit procedures

A desk audit can be used⁷ where it provides sufficient confidence in the organisation's compliance with the certification criteria.

Assessments, surveillance audits, and reassessments may be conducted as a desk-based audit (no on-site visit) desk if:

- a) The organisation does not take physical possession of Preferred by Nature-certified material or products (trader without physical possession) in their own or rented facilities and does not label, alter, store or re-package the products (e.g. sales offices or agents). There is no requirement related to the company's size or number of staff.

OR

⁷ Preferred by Nature is not obliged to waive on-site visits, even when all these requirements appear to be satisfied. At PBN own discretion, initially or at any time, PBN may decide to carry out site visits where and when PBN consider they are needed to ensure confidence in the certificate.

- b) The site is used for storage of finished and labelled products only, and where Preferred by Nature has confirmed through an initial physical inspection that there is no risk of mixing Preferred by Nature-certified products with other materials (e.g. the site only stores Preferred by Nature-certified products). Preferred by Nature shall conduct a physical inspection of these storage sites at least once during the five-year duration of the certificate.

Preferred by Nature always retains the right to conduct an on-site audit if this is deemed necessary. Desk audits include gathering evidence via remote means such as email exchange, telephone interviews, review of scanned or faxed documents, etc.

Change of scope audit

Annual surveillance audits and reassessments shall ensure that any changes to the certificate scope are adequately verified and reported on. A change in scope may involve a new product group, a change in the system for controlling claims, etc.

The evaluation steps are the same for verifying the applicable CoC requirements. However, **changes to the certificate scope need to be clear in the CoC report and/or Salesforce engagement. Once approved, the scope change shall be reflected in Salesforce database, and a revised certificate shall be issued to the client if necessary.**

Ideally, companies shall contact Preferred by Nature when a change in scope is needed so that a separate audit can be conducted or preparations can be made to evaluate the changes during the annual audit. There are also times when this is not determined until the auditor conducts the annual audit.

When feasible, the auditor shall include these new areas in the evaluation to ensure all necessary information is covered to avoid a second audit. Sometimes, the original scope must be maintained until relevant changes are done in the system. In all cases, a Task Manager shall be consulted before deciding to evaluate a new scope.

Note: In situations where an annual audit includes a change in scope, the SF audit type shall be an annual audit and not a change of scope audit. When the company requests a change in scope at a time of year that does not coincide with the annual surveillance audit, a separate change of scope audit shall be conducted.

A scope change audit shall consider the following points:

Determine if the scope change requires an on-site audit or if it can be done by desk audit. Consider the following points as guidance:

Table 13. CoC desk audit guidance

For Consideration	Guidance
Is the level of risk increasing?	The organisation is adding product groups and/or systems that require verification and tracking of new material categories. If the risk has increased significantly, an on-site evaluation is required.

Are sites/operations being added that were not previously audited?	For example, the organisation is adding a new product group that requires an operation to be involved that has not been audited. This shall require on-site evaluation.
New sites are being added to a single certificate.	Single certificates can include more than one site. When a new site is being added, on-site evaluation is required.
Are entirely new systems being put in place?	For example, the organisation is implementing a percentage-based method instead of a transfer system. This shall typically require an on-site audit unless the system is auditable from a desk review of documentation and records.
Does the change in scope require key staff interviews to understand awareness?	The change in scope may be significant enough to require additional responsibilities for the same responsible staff and/or require new responsible staff specification. This has to be determined if interviews can be adequately conducted via phone or if on-site evaluation is necessary.
How much time has passed since the last audit?	The organisation may change its certificate scope shortly following an audit, i.e., within 3 months, and the previous audit was adequate to verify systems such that a desk audit shall be sufficient.

On-site scope change audits shall follow the same steps as annual audits, including an audit plan, budget, invoice, CoC report with the applicable appendices, and RRA. Notice that RRA is required for almost all scope change audits.

In the case of desk audits, the Task Manager shall determine when a budget and invoice are necessary for the change in scope or if it is possible to track the time required and add a level of effort time to the following annual surveillance audit budget. Despite the audit taking place via desk review, a CoC report with the applicable appendices is necessary to report findings.

Some changes in scope are so minimal that it is not necessary to conduct a formal audit with a CoC report. In this case, a change of scope audit job is not necessary in the database, and an RRA is not applicable.

The auditor shall present the conclusion of the scope change audit to the organisation by sending the audit report with conclusions to the company.

Also, when major non-conformances /pre-conditions to scope change) are eventually closed, it must be clearly indicated in the report.

15 Due Diligence System Certification

Due Diligence System certification is the process of evaluating the performance of a company that implements a DDS to manage supply chains and risks according to the Sustainability Framework and other Preferred by Nature standards.

Requirements for DDS Certification

The key standards for this evaluation are:

- a) Sustainability Framework
(both full framework and processing requirements in relation to risk assessment)
- b) System requirements
- c) Supply Chain management and Due Diligence Requirements

When relevant, the following standards may also be applicable:

- a) Seal Use Policy
- b) Group or multi-site requirements of the Systems standard
- c) Carbon Footprint Management standard and financial contribution to climate and biodiversity.

NOTE: where the scope of the claim used is "Regulatory Scope", the audit shall apply the relevant requirements from the Sustainability framework as outlined in the standard "PBN-13 EUDR Indicators".

The evaluation audits shall focus on evaluating the due diligence system implemented by the client, the supply chain, the risk assessment information, and the efficiency of risk mitigation measures (if applicable).

Please refer to Table 3 to see an overview of the normative requirements applicable for DDS certification.

All checklists are included in the report template available in SharePoint.

Scope definition

Audits of due diligence systems can take place at all levels of the supply chain. However, normally, the further away the organisation is from the land management level, the more difficult it is to implement a robust DD system. In many cases, it is impossible for companies downstream in the supply chain. **The feasibility of using DDS to demonstrate compliance with the applicable Sustainability Framework requirements must be carefully evaluated by the TM prior to accepting the job.**

DDS audits basically focus on the sourcing aspects of the supply chain and sources and the due diligence implementation in each step of the chain.

The TM and auditor shall use the judgment of the company, based on the service inquiry form and telephone conversations, about the size and complexity of the due diligence system to define an overview of the scope of the certification.

The scope of the audit includes:

- a) **Claim type:** Sustainability or Regulatory scope, as well as sub-claim related to tracking: Geolocation Preserved or Source preserved.
- b) **Seal use:** segregation, general or final product (remember no seal use is allowed for Regulatory scope)
- c) **Supply chains included in DDS:** how many supply chains are included, what are the steps in the supply chain and their location relative to the source of material and the location of the DDS manager. E.g. organisations closer to the production of the raw material shall have a more simple and direct supply chain and better ability to collect information and address potential risks.
- d) **Products:** what type of products and their potential composition.

- e) **Type of organisation:** If the organisation processes materials, they shall also be evaluated against the requirements of the Sustainability Framework relevant to processing. Only where a company sources and resells a final product, the processing requirements are not applicable.
- f) **Sites** included in the certificate scope including forest locations, warehouse/storage facilities, processing facilities and separate sales offices.
- g) **Information:** Methodology and system for managing and collecting information (Obtaining Information)
- h) **Risk assessment** – the auditor shall evaluate the risk assessment process applied by the organisation.
- i) **Risk mitigation** and justifications for efficiency. Risk mitigation is a central and critical part of the DDS. Without proper risk mitigation, the whole exercise shall not fulfil its purpose.

The scope of the audit is primarily defined by the company's supply chains and sources, more than the actual company itself. Complex supply chains mean that the audit scope shall be increasingly complex to evaluate. It is, therefore paramount to understand the number of products, origins and supply chains before the planned audit.

Obviously, the size and complexity of the organisation under evaluation itself also plays a role, as these shall be evaluated against the processing requirements of the organisation (unless they are only a trader of the final product).

Before the audit the organisation applying for Preferred by Nature certification shall have provided Preferred by Nature with a map of all the supply chains, entities and forests (where known) that are included in the scope of their DDS program.

Based on this information, Preferred by Nature TM shall identify the sites that qualify for on-site or desk audit and identify the sample to be included as part of the Preferred by Nature certification audit.

The auditor shall inform both the certification client and the entity to be evaluated about the evaluation audit, and both parties shall receive a written audit plan.

Conformance evaluation

A key component to ensure that the company has the capacity to implement systems in conformance with requirements is the management and quality control system applied across all operations included in the certificate scope. This is a macro-level evaluation of the company's procedures and systems, which shall enable them to manage risks of non-conformances against the Sustainability Framework all the way upstream to the origin of the material.

Company preparation

Preparation by the company depends on the audit type. Following is a minimum of what is essential for companies:

- a) Documented procedures, records, and systems that meet the applicable standards and supplementary requirements.
- b) Designate staff responsibilities

- c) Orientation/training of responsible staff in terms of their specific responsibilities within the due diligence system.
- d) Clearly define certification scope.
- e) Clear overview of all supply chains in the scope.
- f) Risk assessment records.
- g) Relevant documentation for the legality of products included in the scope.
- h) Evidence to close any open NCRs (annual and NCR verification audits).
- i) Volume summary/internal audit reports/other.
- j) Records of supplier verification audits carried out as own verification (if applicable).

Auditor preparation

The auditor shall review the company's documented procedures prior to the onsite visit and follow up with the company if gaps are identified in the procedures. In the case of main assessments, the auditor is required to do that.

The auditor shall review the last audit report to understand the company's certificate scope, past performance of the company, and any open NCRs. For audits, the Task Manager shall inform the auditor of any open complaints or disputes that need to be verified during the audit.

The lead auditor must receive the relevant documentation from the auditee before the assessment (see above).

The auditor shall have the following minimum items during the audit:

- a) Sustainability Framework and other applicable normative documents;
- b) A copy of the Preferred by Nature Certification audit report template, tailored to the audit and certificate scope
- c) The relevant risk assessments for source countries relevant to the client:
www.preferredbynature.org/sourcinghub
- d) Set of core company procedures.

Auditing companies with multiple sites

When companies operating a due diligence system have multiple sites included in their operations, specific issues need to be addressed. However, the auditing companies with multiple sites differ from that used in CoC, as the roles of sites shall most often be different, and the set-up of the company is not the same type as multi-site CoC certifications.

For Due Diligence System companies, the TM shall carefully analyse the feasibility and appropriateness of multi-site certification before submitting a proposal for multi-site. In the case of DDS, the most critical function is the development, implementation, and monitoring of the Due Diligence System. This function may be fulfilled by staff in single or multiple locations. If there are staff who are responsible for DDS and they are in different locations, this does not necessarily necessitate a multi-site certification if auditors have access to all staff and related information (for example, interviews with some staff related to DDS could be conducted remotely).

The following situations are relevant to consider for **multi-site option** (either of them individually may lead to multi-site certification):

- a) The core responsibilities for developing, implementing and monitoring the organisation's Due Diligence System are distributed between multiple sites to the extent that several sites would need to be visited as part of the evaluation. Please note that auditors must always have confidence in the DD System. Thus, depending on the organisation's setup, more sites than in the sample below may need to be visited.
- b) The organisation has multiple sites with production activities, which must be visited to verify compliance with the production-related requirements.

The auditor must always check that the organisation is eligible for the type of certification. In the case of multi-site certification, this would require the auditor to check ownership structure and/or management system procedures.

During the planning of the audit, the TM and auditor shall determine which sites need to be visited during the audit. There is no set minimum number, but it needs to be ensured that all aspects of the DDS can be evaluated in a way that shall allow a final certification decision.

General principles

- a) Consider the purpose of the audit. The sample size shall be large enough to provide a reasonable level of assurance that the due diligence system is effective overall. However, it shall not be so large that it is impractical or disproportionate to the risk.
- b) Balance the level of assurance with the resources available. The sample size shall be large enough to provide a reasonable level of assurance, but it shall also be realistic, given the time and resources available for the audit.
- c) Consider the size and complexity of the organisation. The sample size shall be larger for larger and more complex organisations, as they are more likely to have a higher level of risk.
- d) Consider the location of the sites. The sample size shall be larger for sites that are located in areas with a higher level of risk.
- e) Consider the type of activities conducted at the sites. The sample size shall be larger for sites that perform activities that are associated with a higher level of risk.
- f) Consider the results of previous audits. If previous audits have identified significant compliance issues at some sites, the sample size shall be larger for those sites in the current audit.

Evaluation of Central Office vs. Sites

Evaluation of the Central Office and participating sites are different processes.

Central Office evaluation shall include **evaluation of the multi-site management requirements**, including responsibility, documented procedures for multi-site/group management, and training at the site manager level. Site management is extensive, with requirements for ensuring the eligibility of participating sites, evidence of internal audits, and collation of records, including volume summary data. This is largely a document review and verifying key staff awareness of the procedures.

Once all relevant sites are audited, there may be systematic performance issues that reflect on the Central Office and, therefore, require NCRs at the Central Office level. This

is important for the CO auditor to detect once all results from the sites have been gathered.

Additionally, evaluation of the Central Office requires an analysis of the management system, including staff capacity, to handle changes to the certificate scope in terms of increasing the number of members and/or adding members that differ operationally.

Evaluating audit evidence

A thorough evaluation of the management and due diligence systems is required during the audit process to ensure the company has support systems before issuing the certificate.

During assessments and audits, auditors shall review many documents and records to evaluate an Organisation's conformity with Preferred by Nature requirements.

It is important to emphasise that collecting all documents as exhibits is unnecessary. In general, only exhibits essential to non-conformance documentation shall be collected – usually, it shall be sufficient to view and record observations.

Where there is a documentation-based conformity issue, it is necessary to ensure a review of the specific document as evidence.

The following aspects are crucial in the exercise of due diligence and shall be considered carefully during the audit:

Table 14. Evaluation of due diligence requirements

Requirement aspect	Guidance
Procedures and systems	It is a requirement that the organisation under evaluation have and implement procedures or systems that cover their due diligence activities. The due diligence procedures shall cover all relevant aspects of the Sustainability Framework.
Supply chain information	It is a requirement that the organisation has access to information to a level that allows them to effectively assess the risk that the products/material is non-conformance. Where information about origin or processing steps is lacking, this may constitute a risk that products could be non-conforming. Therefore, gaps in access to information about the material origin and supply chain shall be considered as non-conformance. Recognised or sustainability certification systems, such as FSC, shall also be considered as an important way to assure that the necessary risk management has already been carried out.
Risk assessment	Risk assessment is a key activity of the due diligence system. Risk assessment shall be carried out for all products/materials with a defined supply chain. The auditor shall evaluate the system applied to assess risk and evaluate examples of results of the risk assessment process applied. The auditor needs to evaluate if the risk assessment conclusions that the organisation has reached are justified, realistic and based on a precautionary approach to risk.

Risk mitigation actions	<p>Closely related to the risk assessment, the auditor shall carefully evaluate the actions taken to mitigate specified risks. The organisation shall be able to clearly describe how actions have been identified to mitigate specified risks, how they have been implemented, and their effectiveness.</p> <p>It is essential that a clear justification for the choice of risk mitigation actions is available and that the results of risk mitigating actions are documented and their effectiveness proven.</p>
Documents and records	<p>The extent to which documents and records are required depends on the size and type of the operation. However, as the DDS approach is typically implemented by larger organisations, in most cases, it would be expected to have written procedures in place to ensure consistency. Key records are always required to demonstrate compliance.</p> <p>The auditor shall be careful in reviewing documents and records and assure that a representative sample is evaluated, and key documents are collected as audit evidence.</p>
Staff competence	<p>The competence of the staff or consultants undertaking different activities to meet the Preferred by Nature certification due diligence system is essential. Without competence in the relevant task, there is a great risk that the actions in question have not been done appropriately. The auditor shall, therefore, always evaluate the competence of the staff that are tasked with different activities of the company and that relate to the implementation of the due diligence system. For example, it shall always be staff persons who are familiar with sustainability issues and CoC who are responsible for auditing suppliers under a supplier certification programme. Evaluating conformance may be done through interviews with staff about their functions and knowledge of relevant requirements related to those functions. Also, records of training, experience or other evidence that can show competence shall be used.</p>
Supplier commitment	<p>Understanding due diligence requirements and the commitment by suppliers to support these is important. Without a proper understanding of the requirements and a commitment to support the process, there is a great risk that the system shall not work. The auditor shall, therefore, always evaluate the commitment of suppliers to support the DD system. This commitment naturally only has to be there when the supplier plays an active role in the DDS. Supplier commitment can be evaluated through documents signed /contracts from the supplier in addition to interviews with suppliers. Also, indirect evidence, such as their level of conformance with the requirements (providing the correct information, documents, access to auditing, etc.), can be used as an indicator of commitment.</p>

Evaluation of processing requirements

Organisations that process raw materials or semi-finished products shall also be evaluated against the processing requirements of the Sustainability Framework.

This includes evaluation of legal compliance, health and safety and other issues related to worker's rights.

Written procedures shall be available for larger and more complex operations, where this may not be the case for micro and small enterprises.

Organisations that only buy and resell final products shall not be evaluated against the processing requirements.

Evaluation of company's own-verification programme

Auditing suppliers of organisations under Preferred by Nature certification requires careful planning and coordination with the direct client, as well as the suppliers to the client that shall be audited by Preferred by Nature.

This requires that the TM and auditor communicate clearly with the organisation on the suggestions for supplier audit to allow them to inform their suppliers of the plan.

Once the supplier has received an agreement, the audit details shall be agreed directly with the supplier if possible.

Selection of suppliers to audit and audit method

Selection of the suppliers included in the own-verification programme for Preferred by Nature to audit and selection of the approach to evaluation (on-site, witness, or document review) shall depend on the type of supply chain and the risks identified.

A general guide is that the auditing of the organisation's own verification system shall be robust enough to ensure that all identified risks are correctly addressed. This means that where the risks identified are similar for several suppliers, it may be enough to visit one or a few to evaluate that the own verification system is working as intended. However, if risks and supplier types vary, the sampling intensity shall increase.

Where the risks identified in supply chains and included in the organisation's own verification programme are related to issues that can be confirmed through document review, Preferred by Nature may select only to review the reports prepared by the organisation and evaluate the result through a desk-based evaluation.

Following are the criteria the auditor can use in setting up the plan for sites to be audited to ensure the sample is representative of the organisation as a whole:

Table 15. Sample selection guidelines

Criteria	Notes
Sampling is representative of geographic distribution	Sites chosen shall cover the geographic range of all participating sites
Personnel responsible for management are considered	Sites chosen shall ensure that a variety of responsible personnel are interviewed, e.g., several sites may share a site manager, so it is important to sample other sites with different site managers.
Size of participating sites	Sites chosen shall reflect varying sizes of operations
Potential weaknesses	During assessments, the auditee may indicate some sites had weaknesses identified during internal audits; these shall have priority for sampling. Likewise, give priority to sites that have had weaknesses identified during previous external evaluations
Modifications	Give priority to sites where the systems or site characteristics have changed since the last evaluation
Activities and/or products produced	During the audit, give priority to active sites, e.g., materials are on-site.

Conformance evaluation of own-verification programmes

Within the Preferred by Nature certification system, the basic principle is that identified risks for receiving non-conforming material shall be adequately mitigated. One possible way of risk mitigation is to conduct audits of the supply chain or on the farm or forest level to:

- 1) Evaluate the actual compliance level, or
- 2) Evaluate the effectiveness of risk-mitigating actions.

The organisation may choose to conduct these audits themselves as 1st or 2nd party audits – however, as part of the certification process, Preferred by Nature shall verify the integrity of this “own-verification”.

The evaluation of own verification of suppliers and sources is not a certification audit. They are intended only to verify the own-verification programme of the certificate holder, and suppliers can, therefore, not gain certification during the certification process.

If there are many entities in the supply chain, it may be more feasible for the organisation to place responsibilities on the entities in the supply chain and closer to the forest to control that sourced material is conforming with applicable requirements under the Preferred by Nature certification.

In this case, the organisation must conduct audits to check that the companies' agreed-upon responsibilities are correctly fulfilled. The following table gives an example of both types of risk mitigation.

Table 16. Two examples of risk mitigation via the organisation's own-verification programme

Forest /farm level audit - example	Auditing fulfilment of placing control lower in the supply chain - example
An organisation is sourcing from two large concession areas in a country with a generally high risk for illegal logging. Organisations may choose to conduct forest level audits in these two units to verify that the forest management is legal and that the material originating from the forests is not of illegal nature.	An organisation sources from a round wood trader that buys wood from many small forest managers from an area with a specified risk of illegal logging. It may not be possible for the certified organisation itself to control the risk in such cases, and instead, they may agree with the round wood trader for their staff to check the sustainability of the material before wood is purchased from the forest managers. In such instances, the organisation would have to audit the round wood trader to assess whether the agreed system is working and whether the trader is fulfilling its obligations to check the material's sustainability before receiving it from the forest management organisations.

If the organisation under evaluation has carried out supplier verification on their own, the results of these “own-verifications” **shall be evaluated by Preferred by Nature and be confirmed to meet applicable requirements.**

Preferred by Nature must verify the quality of the organisation’s own verification programme and conduct sampling-based audits to verify this. There are two ways to do this. Preferred by Nature can:

1. Independently conduct sampling-based audits of some of the same entities that have been audited by the organisation (onsite audit);
2. Accompany the organisation during a sample of their verification audits to evaluate the quality of their certification activities (witness audit) or;
3. Review and evaluate the reports developed by the organisation's own verification programme (document review).

The main concern during the evaluation of own-verification programmes is to ensure that all specified risks have been identified and adequately mitigated.

Further, for companies that handle material not included in the scope of their own verification, the material shall not be mixed with material of unknown or potential illegal origin.

Where entities included in the own-verification programme are found not efficiently to mitigate the specified risks or other risks are identified, these shall be raised as MAJOR NCs in the organisation's report under evaluation.

About us

Preferred by Nature is an international non-profit organisation working to support better land management and business practices that benefit people, nature and the climate. We do this through a unique combination of sustainability certification services, projects supporting awareness raising and capacity building.

For 30 years, we have worked to develop practical solutions to drive positive impacts in production landscapes and supply chains in 100+ countries. We focus on land use, primarily through forest, agriculture and climate impact commodities, and related sectors such as Tourism and conservation.

Learn more at www.preferredbynature.org

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Version 1, March 2024

FSC™ A000535 | PEFC/09-44-02



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