

# System Requirements

Preferred by Nature Verification



System Requirements   Sustainability Framework Programme	
Title:	System Requirements
Scope:	Global
Status of document:	FINAL
Version:	1.4
Date:	11 September 2023
Consultation period:	N/A
Approval body:	Preferred by Nature
Contact person:	Christian Sloth
Contact email:	csloth@preferredbynature.org



Preferred by Nature has adopted an “Open Source” policy to share what we develop to advance sustainability. This work is published under [the Creative Commons Attribution Share-Alike 3.0 license](#). Permission is hereby granted, free of charge, to any person obtaining a copy of this document to deal in the document without restriction, including without limitation the rights to use, copy, modify, merge, publish, and/or distribute copies of the document, subject to the following conditions:

- The above copyright notice and this permission notice shall be included in all copies or substantial portions of the document. We would appreciate receiving a copy of any modified version.
- You shall credit Preferred by Nature and include a visible link to our website [www.preferredbynature.org](http://www.preferredbynature.org).

## Contents

Introduction and scope.....	4
Version history .....	5
Terms and definitions.....	5
1. Scope.....	6
2. Responsibilities and competence.....	6
3. Systems, procedures and records .....	7
4. Internal performance evaluation .....	8
Annex 1. Requirements for group and multi-site verification .....	9

## Introduction and scope

This Standard is relevant to all organisations seeking Preferred by Nature verification, encompassing both land use and supply chain sectors. It outlines the essential requirements for establishing systems and procedures necessary to attain full compliance with the programme's requirements.

Moreover, the Standard serves as a best practice guide for adhering to any set of requirements, although some clauses specific to the verification programme may not be relevant in such cases.

This Standard has been designed also with a focus on the [EU Deforestation Regulation](#), providing specialised guidance in this regard.

The Preferred by Nature verification also provides avenues for multi-site and group verification. Multi-site verification is customised to meet the needs of large, single-owner operations with multiple locations, while group verification is designed to support smaller organisations that collaborate to gain verification. Detailed eligibility criteria and associated requirements for these options can be found in Annex 1.

All parts of this document are normative unless otherwise noted.

This Standard is to be used together with other normative documents of the Sustainability Framework Programme.

The most recent version of any referenced documents is applicable unless otherwise specified.

You can find a list of core-related normative documents in **Box 1**.

### Box 1. Core normative documents for the Preferred by Nature Verification

- **Standard SP-01. Sustainability Framework.** The Framework contains the requirements applicable to producers working on land use level (land managers). Selected indicators in the Standard also apply to supply chain entities, including processors. For some products, a product- or sector-specific adaptation of the Framework may be relevant.
- **Standard SP-03. Supplier Management and Due Diligence Requirements.** This Standard is relevant to Organisations that apply a risk-based due diligence system to evaluate that the products are compliant with the Sustainability Framework.
- **SP-04 Preferred by Nature Seal Use Policy.** This document regulates the requirements and conditions for using the Preferred by Nature round hummingbird seal (the Seal). In addition to the claims specified in this Standard, verified organisations can also use the Seal if they meet additional requirements. Using the Seal is optional.
- **Standard SP-05. CoC and Traceability Standard.** This Standard contains requirements for chain of custody models and traceability systems used to manage claims and trace products in the supply chain.
- **Standard SP-09. Terms and Definitions.** This Standard contains definitions and concepts used in the Sustainability Framework Programme.

## Version history

Version 0.1, 25 September 2020

Version 1.1, 3 June 2021

Version 1.2, 15 December 2021

Version 1.3, 13 January 2023

Version 1.4, 11 September 2023

## Terms and definitions

**Central office.** A clearly defined function in terms of the responsible positions, their authority and role to ensure that all members in group verification or all sites in a multi-site verification comply with all applicable requirements.

**EU Deforestation Regulation (EUDR).** Formally, Regulation [\(EU\) 2023/1115](#). A European Union law aiming to reduce the risk of products associated with deforestation or forest degradation being placed on – or exported from – the EU market. The Regulation sets due diligence requirements for European companies in relation to products they source, which may contain, be made from or fed with commodities linked to a high risk of deforestation: soy, beef, oil palm, rubber, wood, cocoa and coffee.

**Micro-undertaking.** An Organisation that meets all the following size criteria: balance sheet total is under EUR 350 000; and net annual turnover is under EUR 700 000; and average number of employees during the financial year is under 10. The term is adopted from Article 3 of Directive 2013/34/EU of the European Parliament and the Council.

**Procedure.** The established way of doing a series of actions. In the Sustainability Framework Programme context, required procedures describe how systems are intended to work.

**Scope.** Defines the boundaries of the organisations' system in terms of models applied, products included, crops/species/commodities handled, claims covered, sites and production lines included.

**Site.** Defined as a single geographical location with clear boundaries within which products can be handled, produced or processed.

**Small undertaking.** An Organisation that meets all following size criteria: balance sheet total is under EUR 4 000 000; and net annual turnover is under EUR 8 000 000; and the average number of employees during the financial year is under 50. The term is adopted from Article 3 of Directive 2013/34/EU of the European Parliament and of the Council.

**Small and medium-sized enterprises (SME).** Organisations employing less than 250 persons and having an annual turnover below 50 million EUR, or a balance sheet total of no more than 43 million EUR.

**System.** Combination of necessary defined processes, instructions, procedures (where used), software, data, communications, etc. that works towards meeting the Sustainability Framework and other applicable normative documents.

**Top Management.** A person or group of people who directs and controls the organisation at the highest level. In the context of this Standard, top management shall have control over all sites, entities and *outsourced* operations included in the scope.

## 1. Scope

### Requirements

### Guidance

**1.1.** The Organisation shall define and document the scope of the activities, products and sites included in its verification scope.

Depending on the type of operation, the scope can be defined by a range of attributes, such as:

- Properties / legal entities, including members and subcontractors, if applicable,
- Area and location (geolocation data for land managers where relevant),
- Suppliers, if applicable,
- Commodities and, if applicable, species,
- Products with their input material,
- Due diligence system applied,
- Chain of Custody (CoC) system(s) used for each site,
- Production lines, if applicable

**1.2.** The Organisation shall keep records of any changes made in the scope. These shall also be communicated to Preferred by Nature before the change is made.

Changes to the scope should be documented and made available to auditors.

Also, any changes to the scope of operations, such as including new products or suppliers in a Due Diligence System (DDS) or opening new production areas, should be communicated to Preferred by Nature and verified before inclusion in the scope.

**1.3.** If the scope covers multiple sites or group members, the Organisation shall ensure conformance with all applicable requirements in Annex 1.

If the scope covers different sites/entities/properties, which may or may not be individual legal entities, it is the responsibility of the Organisation to ensure that all entities/properties meet all applicable requirements.

**Annex 1** contains requirements for group and multi-site certification.

## 2. Responsibilities and competence

### Requirements

### Guidance

**2.1.** A position with overall responsibility for conformance with all applicable requirements is defined.

One overall responsible position or person should be defined as having the overall task of ensuring that all relevant requirements are met for the whole certificate scope.



Organisations wishing to align with the EUDR should ensure that the appointed position (compliance officer) is at the top management level, except in the case of SMEs.

**EUDR reference:** Art. 11(2a)

## Requirements

## Guidance

**2.2.** The responsible person (and other designated staff) have sufficient authority and resources to ensure that requirements are met.

To ensure efficient implementation of the requirements, the Organisation should ensure that authority is delegated and sufficient resources are allocated to ensure that requirements are being met consistently and that necessary changes are made and maintained.

**2.3.** Individual responsibilities for relevant requirements are defined and known.

The Organisation has allocated responsibilities to designated personnel. For larger organisations, documented job descriptions should exist for the personnel responsible for the Organisation's implementation of relevant requirements, which includes the competency and authority required for the position.

Organisational charts provide clarity on the relevant responsibilities of individual personnel or positions.

**2.4.** Staff and workers, including contractors and seasonal workers, shall be aware of and competent in all aspects of fulfilling the requirements relevant to their position and role.

Relevant training should be delivered to the responsible personnel to implement the procedures consistently.

## 3. Systems, procedures and records

### Requirements

### Guidance

**3.1.** Systems are established and implemented to achieve and maintain conformance with all applicable requirements. The systems shall be adequate and proportionate to the size and complexity of operations.

The elements of this system may be procedures, work instructions, necessary software, digital folders and files, communication and other means.

**3.2.** Procedures covering all applicable requirements for the specified scope, including identifying and addressing non-conformances, shall be established, implemented and kept updated.

Procedures should be developed as appropriate for the size and complexity of the Organisation. Smallholders and small enterprises may have very short and simple procedures. Single-family operations may not need written procedures at all. However, these entities will need to be clear and consistent in their ways of operation.

Procedures have been created and are regularly updated to encompass all necessary requirements. In the case of large organisations, it might be advisable to establish a documented management system that facilitates the monitoring of procedure changes.

## Requirements

- 3.3. The Organisation maintains all evidence and records relevant to the system's functioning, for a minimum of 5 years.

## Guidance

All records shall be available during audits upon request.

## 4. Internal performance evaluation

### Requirements

- 4.1. The performance of the system is evaluated internally, at least annually, against the relevant requirements of the Sustainability Framework Programme:
- Evaluation is documented, where appropriate to the size
  - Gaps or weaknesses are addressed and corrected in a timely manner.

### Guidance

Internal monitoring should cover all aspects of the scope and all applicable activities of the Organisation.

When due diligence is applied to products, this shall also include suppliers and sub-suppliers. Please note that additional group and multi-site verification requirements are included in **Annex 1**.

Internal evaluation systems, documentation and intensity should align with the Organisation's/activities' size and complexity.

In the case of smallholders and single-family operations, the evaluation may be ongoing and does not need to be documented if a generally good conformance level is maintained.



Organisations aiming to align with the EUDR should incorporate an independent audit function into their performance evaluation.

This independence does not necessarily mean a third party must conduct the audit; it can also be achieved with second-party or first-party audits. Independence can be achieved by ensuring the auditor has no responsibility for the audited activity.

*EUDR reference: Art. 11(2b)*



## Annex 1. Requirements for group and multi-site verification

The Sustainability Framework Programme includes an option for verifying multi-site organisations and group verification.

**Multi-site verification** is meant for large operations with multiple sites under a single ownership. **Group verification** is available for groups of smaller independent organisations that want to collaborate to gain verification.

However, to ensure compliance among all sites and group members, there must be a **centralised control function** responsible to enforce and monitor compliance. The term Central Office is used to refer to such central authority.

This Annex explains in more detail who is eligible for the group and multi-site options and includes the requirements for group and multi-site verification. The requirements in this Annex must be complied with, in addition to the other requirements in this Standard.

### Eligibility for single SFP verification

Organisations that operate multiple sites may still apply for regular single verification. In such a case, the requirements in this Annex are not applicable.

Under this option, no sampling is applied and all sites will be visited during the external assessment. When using this option, one single legal entity must be a certificate holder and handle the sale of verified material.

All sites within the scope, must operate under a common ownership structure and have an exclusive business relationship with one another for the output materials covered by the certificate scope.

### Eligibility for multi-site SFP verification

Multiple sites may be included in the scope of a multi-site certificate if one of the conditions below is met for all participating sites:

- a) All sites and central office are linked through common ownership or through a franchise model; or,
- b) All participating sites have a legal and/or contractual relationship with the central office and all sites are subject to a centrally administered and controlled management system with authority and responsibilities over at least one of the following elements:
  - 1. Centralised purchase or sales function or
  - 2. Common operational procedures (e.g. same production methods, same product) or
  - 3. Operating under the same brand name.

### Eligibility for group verification

Group verification is meant for small operations and all members must be below the eligible size criteria.

This Standard has adopted the EU size classification according to Article 3 of [European Directive 2013/34/EU](#).

Independent enterprises or entities (group members) are eligible to be included in the scope of a group verification if all group members meet all the following eligibility criteria:

- a) Be an individual person or a legal entity which qualifies as a **micro-undertaking** or **small undertaking**:

Micro-undertaking	Small undertaking
<ul style="list-style-type: none"> <li>• Balance sheet total under EUR 350 000 and</li> <li>• Net annual turnover under EUR 700 000 and</li> <li>• Average number of employees during the financial year: 10</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet total under EUR 4 000 000 and</li> <li>• Net annual turnover under EUR 8 000 000 and</li> <li>• Average number of employees during the financial year: 50</li> </ul>

- b) Have a contractual relationship with the central office and be subject to a centrally administered and controlled management system established by the central office that holds the authority and responsibilities related to the verification, including the legal authority to admit or remove group members from the scope of the certificate.

## 1. General requirements

### Requirements

### Guidance

- 1.1.** Central Office shall be defined and appointed to act on behalf of the Multi-Site or Group member and with overall responsibility to enforce and monitor conformance with all applicable site or member requirements.

The Central Office is key within a Group or Multi-Site management model as the entity that manages conformance to the requirements of the applicable standard(s) across all Group members or sites.

- 1.2.** The Central Office shall have the competence and capacity to implement and control all applicable requirements of the Group or Multi-Site Organisation.

Staff allocated responsibility in the Central Office shall have competences to ensure that all Sites or Group members meet the requirements of the applicable standard(s).

- 1.3.** The Central Office shall have sufficient authority to ensure that each Site or Group member conforms to all applicable requirements.

It is crucial for the Central Office to possess adequate authority to guarantee that all Group members or sites comply with the relevant standard(s) requirements. This may be ensured through a common ownership structure that includes all Sites or through contracts or agreements between each Site and the Central Office entity.



## 2. Requirements for the Central Office function

Requirements	Guidance
<p><b>2.1.</b> The Central Office shall designate one person or position with overall responsibility for management of the participating Group members or sites.</p>	
<p><b>2.2.</b> The Central Office shall have clear procedures and documented rules for eligibility, inclusion and removal of participating sites or Group members.</p>	<p>Procedures should be developed to inform Sites or Group members about system requirements and to maintain a systematic approach to Group or Multi-Site management.</p>
<p><b>2.3.</b> The Central Office shall maintain an up-to-date record of all participating Sites or Group members. For each Group member/Site, the Central office shall record the date of entry to and exit from the scope of the Group or Multi-site Organisation.</p>	<p>Where applicable, when new Sites or Group members are added or removed, it is important to notify the verification body to allow evaluation of the potential need for additional audits.</p>
<p><b>2.4.</b> The Central Office shall have the authority to remove participating Group members or sites, if the requirements of participation are not met or if any non-conformances – identified by the Central Office or external verification body – are not addressed.</p>	<p>If non-conformances are not corrected, it shall be possible for the Central Office to remove Sites or Group members. This could be part of a written agreement or contract between the Central Office and each Site.</p>
<p><b>2.5.</b> The Central Office shall have the authority to raise internal non-conformances against any Site or Group member and to enforce their correct implementation.</p>	<p>As required in 2.8, the Central Office shall audit Sites or Group members. It is necessary for Central Office authority to be accessible to ensure that non-conformances are appropriately addressed.</p>
<p><b>2.6.</b> The Central Office shall provide each participating Group member or site with documentation specifying the relevant terms and conditions of participation and verification, including:</p> <ol style="list-style-type: none"> <li>All the applicable normative documents and requirements</li> <li>Documented procedure(s) of the Central Office</li> <li>Explanation of the verification process</li> <li>Explanation of the verification body's rights to access the site or group member for the purposes of external evaluation and control</li> <li>Explanation of the verification body's requirements with respect to collecting and publishing information.</li> </ol>	<p>The information should be supplied before accepting any new Sites or Group members.</p> <p>It is crucial for both sites and group members to have knowledge of the Standard requirements and Central Office procedures.</p> <p>Therefore, efforts should be made to ensure that all sites and their respective staff are well-informed about the procedures and requirements.</p>

2.7. The Central Office shall carry out an initial audit of each applicant (Group member or Site) to ensure that it conforms to all relevant requirements of the applicable Standard(s) and any additional requirements established by the Central Office prior to their inclusion as a Participating Site or Group Member.

2.8. The Central Office shall conduct regular audits (at least annually) of all Group Members or Sites to evaluate continued conformity with all applicable requirements. The Central Office may opt to waive its annual audit for Participating Sites that:

- a) Have already been externally audited in the current year and/or
- b) Where no material has been labelled, sourced or sold as permitted by the applicable standard(s).

Audit of Sites or Group Members should be undertaken on-site unless the Site does not take physical possession of the material.

### 3. Requirements for sites and group members

#### Requirements

#### Guidance

3.1. Each Site or Group Member shall be responsible for:

- a) Assigning a representative as the contact for the Central Office. The representative shall have managerial authority to ensure the implementation of and adherence to all procedures necessary for conformance with all applicable requirements
- b) Conformance with all applicable eligibility and participation requirements as specified by the Central Office
- c) Conformance with all verification requirements at the site or member level
- d) Responding effectively to all requests or instructions from the Central Office or the external verification body, where applicable
- e) Informing the Central Office of all changes in ownership, staff, procedures or processes that may affect conformance with any applicable requirements
- f) Providing full cooperation and assistance with respect to the satisfactory completion of audits performed by the Central Office or, where applicable, the external verification body.

Each Site or Group member shall be clear on their responsibilities and ensure that all applicable requirements are being followed.

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 more than 25 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 the forest, agriculture and climate impact commodities, and related sectors, such as tourism and conservation.

[www.preferredbynature.org](http://www.preferredbynature.org)

