



Sustainability Framework Programme Verification Report for

C.F. Martin & Co. Inc.

Due Diligence System Verification

SFP Certificate code: PBN-SFP-039001

Certificate type: Due Diligence

Issued date: 08th of August 2023

SFP Auditor(s): Christian Sloth and Hando Hain

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Audit type: Assessment

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Scope details

Scope	Due Diligence System
Standards	Sustainability Framework v1.3 System Requirements for Certificate Holders v1.3 Chain of Custody and Traceability Standard v1.3 Supplier Management and Due Diligence Requirements v1.3
Sector	Other, Manufacturing
Commodity(ies)	Other, Stringed Musical Instruments The commodity which is covered by this verification, is all the wooden components of the guitar.
Primary Activity	Secondary Processor
Secondary Activity	n/a
Certificate type	Due Diligence
Number of sites	This is a due diligence report for the procurement of components and production of a single guitar model – OM Biosphere.
Total hectares	n/a
Total production hectares	n/a
Total number of employees	500+
Products	Martin guitar model "OM Biosphere"
Seal Use	On-product <input checked="" type="checkbox"/> Off-product <input checked="" type="checkbox"/> Segregation <input checked="" type="checkbox"/>
Changes in scope	n/a, this is first assessment

More details about the verification scope are described in the service request form, proposal template and other system documents.

Audit conclusions

Verification decision

Based on the auditor's recommendation and Preferred by Nature quality review, the following verification decision is taken:	
Preferred by Nature verification decision:	Verification approved
Verification decision by (name of the person):	Peter Feilberg

Date of decision:

Friday, 04 August 2023

Non-Conformity Reports (NCRs)

NCRs describe evidence of the Organisation's non-conformities identified during the audits. NCRs include defined timelines for the Organisation to demonstrate conformity. NCR timelines commence when the verification report is finalised. MAJOR NCRs issued during assessments/reassessments shall be closed prior to the issuance of the certificate. MAJOR NCRs issued during annual audits shall be closed within the given timeline or result in suspension.

No non-conformities were raised during the assessment, however, see two observations in following section.

Observations (OBS)

Observations are recommendatory in nature. However in some cases, the areas regarding which observations are raised, may lead to non-conformities, if the observations are not addressed.

- **OBS 01/23:** All suppliers are informed about CF Martin general policies and requirements through the Supplier Manual and other related documentation, which are in general alignment with the Sustainability Framework. However, the suppliers have not been specifically informed about the Sustainability Framework. It is recommended to inform also relevant suppliers about the Sustainability Framework. **Reference:** Supplier Management and Due Diligence Requirements 1.1 (V1.3)
- **OBS 02/23:** The Supplier Manual covers topics such as knowing country of origin and onsite visits and thus it implies that suppliers are expected to inform and enforce these requirements also for their suppliers. In reality, supply chain maps and material origin risk assessments have been done, thus it is clear that CF Martin considers the full supply chains and goes beyond its first-tier suppliers. However, the manual does not contain specific statement or requirement for the suppliers to inform sub-suppliers. **Reference:** Supplier Management and Due Diligence Requirements 1.2 b (V1.3).
- **OBS 02/23:** The wood material used for the production is harvested prior to the EU Deforestation Regulation (EUDR) went into force. Compliance with it will be required from end of 2024 latest for all products placed on EU market or exported from EU. EUDR requirements for traceability and geolocation data was not included in the scope of the evaluation. However, if future production of guitars is planned to be exported to EU after the regulation becomes mandatory, the required information related to the origin of the raw material needs to be obtained from suppliers and transferred to buyers within the EU.

ANNEX 1. Sustainability Framework Standard V1.3 – CF Martin Nazaret facility

This Annex focuses on production of guitars by C.F. Martin & Co. Inc. at its Nazareth processing facility. The following checklist provides overview of how the organisation complies with the Sustainability Framework (V 1.3) requirements in its own production activities and facilities. The Sustainability Framework has been primarily designed to address sustainable land management. However, it also has a limited set of requirements that apply to the material handling, production and processing within the supply chain. This checklist focuses on these requirements. The numbering of indicators in this checklist is not sequential since it includes only the indicators applicable for the processing and supply chain companies.

NOTE to CF Martin pilot assessment: CF Martin holds a valid FSC Chain of Custody certificate with a reassessment conducted in November 2022. Preferred by Nature has done a benchmark comparison between the Sustainability Framework requirements and the Chain of Custody standard. The FSC COC standard covers majority of the Sustainability Framework requirements applicable for processing. Compliance with these has already been evaluated as part of the FSC COC audit. There are thus only few indicators, which have been further evaluated.

Indicators applicable for processing in Sustainability Framework V1.3

Principle 1: Management and business practices are responsible.

Criterion 1.4 Corruption, fraud and conflict of interest are avoided. Corruption, fraud and conflict of interests are avoided, while business integrity is ensured according to best practices.			
#	Indicator	Findings	Compliance
1.4.2	All forms of bribery and corruption is avoided.	<p>CF Martin currently has a gifts policy section in the Employee Handbook with purpose to avoid favoritism and behavior that may lead to or be associated with acts of corruption or bribery. The policy is related both to suppliers and buyers.</p> <p>CF Martin has also developed an Anti-Bribery and Anti-Corruption policy, covering all core elements, including reporting (whistleblowing). The Policy has been discussed with executive positions in the organisation, but it has not yet been formally adopted by the Board. This is planned to be done during the next board meeting.</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>

Principle 2: People's well-being and human rights are respected.

Criterion 2.1 Human rights are respected. Human rights are respected in all aspects of operations and activities.			
#	Indicator	Findings	Compliance
2.1.1	Human rights are respected according to international and national law.	Evaluated as part of FSC Chain of Custody certification.	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>
2.1.2	Harvest or trade in products do not contribute to violation of international human rights or armed conflict.	Human rights aspects are evaluated as part of FSC Chain of Custody certification. US is not a country related to illicit contribution to armed conflicts and any risks for violation of	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>

		<p>this indicator in US are considered to be very low.</p> <p>For the supply chain, the risks were considered as part of the Due Diligence efforts (see findings on this in Annex 4.</p>	
Criterion 2.2 Child labour is not present, and employment of young workers is responsibly managed. Child labour is eliminated, and children are protected. Where young workers are employed, their employment follows best practices.			
#	Indicator	Findings	Compliance
2.2.2	Children under the age of 15 (or under the age for completion of compulsory education, whichever is higher) are not employed, except within the framework of "Family Farm" work or where covered by national legislation.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.2.3	Where the young workers are employed, the following are met: a) Young workers only work outside of compulsory school hours. b) Young workers do not work more than 8 hours a day. c) Young workers do not work without supervision during night hours.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Criterion 2.3 Modern slavery, forced or compulsory labour do not occur. Forced labour, modern slavery and human trafficking do not occur, and no dependence is built or restrictions made for workers' freedom to choose their employer.			
#	Indicator	Findings	Compliance
2.3.1	Legal and ILO conventions requirements related to modern slavery, including forced labour and prison labour, are complied with.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.3.2	Modern slavery, forced labour or compulsory labour is not used, promoted or supported in any way.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Criterion 2.4 Workers' rights are respected. The rights of all workers are respected, including the International Labour Organization (ILO) eight fundamental Conventions.			
#	Indicator	Findings	Compliance
2.4.1	Legal requirements related to Freedom of Association, the Right to Organise and the Right to Collective Bargaining are respected.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.4.2	ILO conventions requirements related to Freedom of Association, the Right to Organise and the Right to Collective Bargaining are respected.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.4.3	Legal requirements related to working hours, overtime, rest time and time off, are complied with.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.4.4	ILO conventions related to working hours, overtime, rest time and time off, are complied with.	Mostly evaluated as part of FSC Chain of Custody certification. As a note relevant here, CF Martin provides pay for six weeks maternity leave for vaginal delivery and eight weeks for C-section.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.4.6	Workers are treated respectfully and never subjected to abuse or harassment (including sexual), or	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

	verbal, physical or psychological mistreatment.		
2.4.12	Migrant workers are ensured equality of opportunities and no less favorable treatment than local workers.	CF Martin is not hiring migrant workers at their production facility in Nazareth.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Criterion 2.5 Discrimination does not occur. There is no discrimination related to employment or occupation.			
#	Indicator	Findings	Compliance
2.5.2	There is no discrimination in hiring, remuneration, access to training, promotion, termination or retirement.	Evaluated as part of FSC Chain of Custody certification.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Criterion 2.7 Facilities, operations and activities are safe. Facilities and activities are safe and healthy, and workers have access to and use appropriate Personal Protective Equipment, commensurate with the activities undertaken.			
#	Indicator	Findings	Compliance
2.7.2	Equipment, vehicles, machinery and utilities are safe and in good working order and relevant safety features are complete and functioning.	CF Martin is committed to occupational health and safety and has established safety policy and safety procedures. Jeannine O'Callaghan is the Occupational Health and Safety Representative. CF Martin trains each staff on appropriate safety policies depending on their job responsibilities. Some training records were reviewed. The Organization is also committed to conforming to all applicable OSHA policies. There is a safety committee that meets regularly to detail any improvements that can be made to processes or machinery. The Organization has safety guards on their machinery, as well as monthly safety checks. Walkways are outlined in yellow tape. Organization requires all staff who uses the forklift to be certified.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.7.5	Personal Protective Equipment (PPE) and tools, are available to and used by workers, be in good condition, and appropriate for the specific activity being conducted.	See findings under 2.7.2	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.7.8	Emergency exits, fire detection, emergency alarms and fire suppression equipment are in place, visible and in working order and workers are competent to handle equipment and react to emergencies.	See findings under 2.7.2	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.7.9	Workers have access to appropriate first-aid equipment, as well as medical services in case of emergencies.	See findings under 2.7.2	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Criterion 2.8 Employer-provided housing is safe and hygienic. Where housing is provided by the employer to workers, it is in a safe and hygienic condition and is provided free of charge or for a fee commensurate with the pay.			
#	Indicator	Findings	Compliance
2.8.4	Employer-provided housing are safe and hygienic.	Not applicable in case of CF Martin, since workers are not staying long term on the production premises.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>

Principle 4: Climate impacts are reduced and mitigated.

Criterion 4.1 Greenhouse gas emissions are reduced. Best business practices to minimise major greenhouse gas emissions are implemented according to the risks and proportionate to the scale and nature of the operation.			
#	Indicator	Findings	Compliance
4.1.3	If there is risk that the sourcing activities may cause significant indirect land use change through conversion or destruction of forests or natural ecosystems elsewhere, steps are taken to mitigate such risk.	The scope of the certificate focuses on the wood-based components of a single guitar model (OM Biosphere). All wood-based components for this model originate from FSC certified forests and are sourced with FSC 100% claim. As such, there is low risk for significant land use change related emissions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

ANNEX 2. System requirements checklist

This checklist is based on the standard "System Requirements for Certificate Holders v1.3".

1. Scope			
#	Indicator	Findings	Compliance
1.1	The Organisation shall define and document the scope of the activities, products and entities included in the scope of the verification.	The scope for this verification covers single guitar model – OM Biosphere. This was very clear to CF Martin staff during the communication and calls. Also, a written document called "Preferred by Nature Sustainability Framework Documented Control System" has been prepared, where this is specified.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.2	Any scope change shall be documented and communicated to Preferred by Nature as relevant.	This was clear to responsible staff and it is also documented in CF Martin DSC for Sustainability Framework Program.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.3	If the scope covers multiple entities/properties, the Organisation ensures compliance of those entities/properties with all applicable requirements.	The guitar model under the scope, is manufactured in single location.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>

2. Responsibilities and competence			
#	Indicator	Findings	Compliance
2.1	A position with overall responsibility for conformance with all applicable requirements is defined.	Cindy McAllister has been appointed as the overall responsible person, as was clear throughout the interviews and is also specified in CF Martin DSC for Sustainability Framework Program.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.2	The responsible person (and other designated staff) have sufficient authority and resources to ensure that requirements are met.	It was the impression of assessment team that this is correct. All requested resources were provided timely by the contacted personnel in CF Martin.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.3	Individual responsibilities for relevant requirements are defined and known.	Please see findings under 2.1 Since in case of CF Martin, the compliance with program requirements relies heavily on using only FSC 100% certified material, the team who needs to know Sustainability Framework Program requirements, is rather small.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Staff and workers, including contractors and seasonal workers, demonstrate awareness of and competence in all aspects of fulfilling the requirements relevant to their position and role.	The compliance is related primarily to ensuring FSC sources and using only FSC for the model in scope.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

3. Systems, procedures and records			
#	Indicator	Findings	Compliance
3.1	Systems are established and implemented to achieve and maintain conformance with all	Addressed to large degree via FSC requirements. See also findings under Section 1 (Scope) above.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

	applicable requirements. The systems shall be adequate and proportionate to the size and complexity of operations.		
3.2	Procedures covering the specified scope and all applicable requirements including identifying and addressing non-conformances shall be established, implemented and updated.	Addressed to large degree via FSC requirements. See also findings under Section 1 (Scope) above.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.3	Relevant information, records, documents, workers, locations or entities (including members, suppliers and subcontractors) are available for Preferred by Nature auditors to evaluate conformance.	All required information was provided.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.4	The Organisation has all relevant evidence, including records and documentation, stored and kept for at least 5 years.	All required information was provided. Records are maintained for 5 years minimum, which is also requirement under FSC.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

4. Internal performance evaluation

#	Indicator	Findings	Compliance
4.1	Internal performance is evaluated for all entities included in the scope at least annually against the Sustainability Framework Programme requirements and: a) Evaluation is documented, where appropriate to the size; b) Gaps or weaknesses are addressed and corrected in a timely manner.	Cindy McAllister, who is the primary contact for Sustainability Framework compliance, is also internal auditor in CF Martin. There is internal system and process in place.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

ANNEX 3.

CoC and traceability requirements

This checklist is based on the “Chain of Custody and Traceability Standard v1.3”.

NOTE to CF Martin pilot assessment: The checklist has been adjusted to the scope of CF Martin activities relevant for the Sustainability Framework. CF Martin is not sourcing any material as SFP verified and is not using mass-balance. Focus in on ensuring that all input for the guitar model in the scope is ensured to be FSC 100% certified and that a due diligence system is implemented to control the sources.

Principle 1. Material handling requirements

1.1. Purchasing and managing inputs			
#	Indicator	Findings	Compliance
1.1.1	The Organisation ensures that input material is eligible for the chain of custody model implemented. NOTE: See requirements for specific CoC models below.	All wood-based input used for the guitar OM Biosphere is FSC 100% certified and considered low risk input in alignment with the Sustainability Framework. See more info in the due diligence checklist on the sources.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.1.2	The Organisation verifies purchase and delivery documentation to ensure that it matches the products and quantities received.	Checked as part of the FSC audit.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.1.3	Data on each purchase of compliant material is recorded by the Organisation, including but not limited to the following: <ul style="list-style-type: none"> • Reference to purchase and delivery documents, • Date of delivery, • Identification of supplier and, if applicable, its verification certificate code, • Description of the product, • Type of raw material and, if applicable, species, • Quantities, • Product claim, if applicable. 	Checked as part of the FSC audit.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.1.4.	To purchase compliant material, the Organisation should record information on the country, sub-national region or plot of land where the product's raw material has been harvested (or a pool of these from where the product material may be originating). NOTE: This requirement is generally optional but shall be complied with when companies want to make claims about the source of the	CF Martin does not implement a system to track back all material to the source, or to seek alignment with the EUDR. Rather, it relies mainly on sourcing the material as FSC certified. However, CF Martin has implemented an additional Due Diligence for the sources material and has information at minimum on the country of origin. See more findings on this in the Due Diligence checklist.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>

	product or material (also see "The Claims and Seal Use Standard").		
1.1.5.	Organisations seeking alignment with the EU Deforestation Regulation obligations shall instead refer to the following requirement.	See findings under 1.1.4	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
1.1.6.	For the purchase of compliant material, the Organisation shall record information about the origin of the material back to the plot of land where the product's raw material has been harvested (or a pool of such plots of land from which the material may originate). NOTE: This requirement is mandatory and applicable only for companies that want to claim alignment with the EU Deforestation Regulation.	See findings under 1.1.4	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
1.1.7.	Data on direct suppliers supplying compliant material is collected and stored, including the name of legal entities, locations, verification certificate codes (if applicable) and products supplied.	The information is collected and maintained in the Supply Chain mapping Excel file, as well as in the Risk identification Excel files that have been developed for the wood-based input materials.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.1.8.	When sourcing Sustainability Framework verified input material, the Organisation verifies that purchase documents conform to "The Claims and Seal Use Requirements".	No material is sourced with SFP claims.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
1.1.9.	Input material which is not already Sustainability Framework verified and is intended to be used as compliant input material is verified to conform to the requirements of the Due Diligence Standard prior to receiving the material.	See findings under the DD checklist.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

1.2 Internal performance evaluation

#	Indicator	Findings	Compliance
1.2.1	Conversion factors are defined for each product in scope or for relevant product components. The methodology is justified, documented and reflected accordingly in the system used by the Organisation.	Checked as part of the FSC audit.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.2.2	The data records used by the Organisation enable volume or unit reconciliation between movements of materials or products (reception, production, shipping) and existing stocks (before, during and after production).	Checked as part of the FSC audit.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.2.3	If outsourcing to an external party, the Organisation ensures that the sub-contractor also meets all applicable requirements of this Standard.	As there is no SFP verified material purchased or used, the outsourcing arrangements are related to handling of FSC material, which is evaluated as part of the FSC audit. CF Martin has a system in place to inform and control all outsource activities as verified as part of FSC COC audit. All used subcontractors, are also FSC certified.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

		Single non-compliance related to passing on some performance requirements to service providers was raised as part of latest FSC COC audit, however the issue was addressed already before report finalization and the NCR was close in the same report (NCR 01/22).	
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1.3 Sales and managing outputs			
#	Indicator	Findings	Compliance
1.3.1.	All output material sold with a claim is clearly identifiable and claims conform to the requirements of "The Claims and Seal Use Standard".	Since eligible output is only one specific guitar model, the output is clearly identifiable and known to relevant staff.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.3.2.	Records of all sales of claimed products are recorded by the Organisation, including, but not limited to the following: <ul style="list-style-type: none"> • Reference of sale and/or delivery document, • Date of shipping, • Description of the product, • Type of raw material and, if applicable, species, • Quantities, • Product claim, if applicable. 	Related info can be viewed and reported from the CF Martin ERP system (SyteLine).	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
1.3.3.	For the sale of compliant material, the Organisation may compile and record verified information on the country, sub-national regions or plot of land where the product's raw material has been harvested (or a pool of these from where the product material may originate). NOTE: This requirement is generally optional but shall be complied with when companies want to make claims about the source of the product or material.	CF Martin does not plan to use this option.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
1.3.4.	For the sale of compliant material, the Organisation shall compile and record information about the origin of the material back to the plot of land where the product raw material has been harvested (or a pool of such plots of land from where the material may originate). NOTE: This requirement is mandatory and applicable only for companies that want to claim alignment with the EU Deforestation Regulation.	CF Martin does not plan to use this option.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
1.3.5.	The Organisation ensures that the sale of verified products can be cross-checked against the purchases of those products on the buyer's side.	The scope only covers sale of a final packaged and finished product – a guitar of a specific model. The amount and volume of sold products is thus clear and risk for volume inconsistencies is very low.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>

Principle 2: Requirements for single-component products

N/A in case of CF Martin. The guitar has also non-wood components. See Principle 3.

Principle 3. Requirements for multi-component products

3.1. Segregation model			
#	Indicator	Findings	Compliance
3.1.1.	The core component of the output material produced shall be fully and entirely from a compliant material.	All the wooden components of the guitar are fully from FSC 100% material.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.1.2.	If applicable, each component of the same raw material as the core component shall be entirely compliant.	See finding under 3.1.1	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.1.3.	The Organisation clearly identifies products, including compliant component(s), at every step of storage and production.	There is tight production control in place for the guitar models. Each model has a Model Specification document, detailing the type of material to be used. It was reviewed for the OM Biosphere model. Details on tracking and segregation have been verified as part of the FSC COC audits.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.1.4.	Products, including component(s) with a specific claimed source or a pool of specific sources shall be kept separate from material with different sources at every step of storage and production.	No specific source is claimed for the product or any of its components.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
3.2. Mass balance model			
N/A for CF Martin			

ANNEX 4.

Supplier Management and Due Diligence Requirements

The following checklist shall be used to verify conformance against Supplier Management and Due Diligence Requirements V1.3

NOTE to CF Martin pilot assessment: Within this pilot assessment, a single model was included in the scope, where the wood-based components are all fully from FSC certified forests (sourced as FSC 100% certified). The DD approach thus heavily relies on the certified status of the material. CF Martin has undertaken additional DD steps, which are described in below checklist. However during the pilot period, Preferred by Nature developed the concept of scheme eligibility for seal use. As the guitar is the final product and CF Martin also implements carbon compensation for all the products sold with the seal, the concept is also applied in this case. The DD system thus focuses on risks related to the integrity of the FSC input - that material received as FSC 100% certified is indeed such and there is low risk of mixture or fraud in the supply chain.

1. Supplier collaboration

#	Indicator	Findings	Compliance
1.1.	Suppliers are informed about the requirements of the Sustainability Framework and other applicable normative documents, including this Standard.	<p>All suppliers are informed about CF Martin general policies and requirements through the Supplier Manual and other related documentation. The Supplier Manual in general aligns with and covers most of the topics in the Sustainability Framework.</p> <p>However, the suppliers have not been specifically informed about the Sustainability Framework as a document or the program. A related observation has been raised.</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>
1.2.	<p>The following requirements are met and have been implemented:</p> <ul style="list-style-type: none"> a) Suppliers have appointed a position with responsibility for meeting relevant requirements. b) Suppliers ensure that their sub-suppliers are also informed about relevant requirements. c) Where applicable, consent from suppliers allows representatives of the Organisation to conduct audits to verify compliance with relevant requirements. 	<p>All suppliers are asked to accept the CF Martin requirements and policies in the Suppliers Manual. This is confirmed in written by the supplier and the name of the Supplier Representative name is specified upon acceptance.</p> <p>The Supplier Manual covers topics such as knowing country of origin and onsite visits and thus it implies that suppliers are expected to inform and enforce these requirements also for their suppliers. In reality, supply chain maps and material origin risk assessments have been done, thus it is clear that CF Martin considers the full supply chains and goes beyond its first tier suppliers. However the manual does not contain specific statement or requirement for the suppliers to inform sub-suppliers (point 1.2 b). An observation to this effect has been raised.</p> <p>The Supplier Manual includes specific point for agreeing to on-site visits of any and all</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>

		supplier facilities as well as facilitating subcontractor visits.	
1.3.	Suppliers who do not collaborate are supported to achieve sustainability policies and the Sustainability Framework compliance or replaced.	The procedures include an option to de-qualify a supplier (see more findings under point 4.2 below).	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

2. Supply chain information

#	Indicator	Findings	Compliance
2.1.	Information about supply chains is sufficiently detailed to allow: a) A clear understanding of the origin of raw materials and products; and b) Assessment of the opportunities and constraints to implementing applicable policies.	For all the wood-based components of the OM Biosphere guitar model, CF Martin has prepared supply chain maps. These are prepared for each species sourced. The country of origin at minimum is known for all input, however for the sources from higher risk countries, more detailed origin is also known.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2.2.	Information about products and/or supply chains is: a) Adequate to assess and mitigate risks, b) Valid and verifiable; and c) Related to and covering all the relevant product and/or supply chains.	The supply chain and origin info is more detailed for some components. However it is considered sufficient, considering that: - all sources are FSC 100% certified - more details are available for countries with generally higher risk	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

3. Risk assessment

#	Indicator	Findings	Compliance
3.1.	The risks of nonconformance against the Sustainability Framework requirements are assessed and: a) Document the risk assessment process and justify the degree of risk specified for each product or supply chain, b) Determine the level of risk as either low risk or specified risk; and c) Will be revised whenever there are changes to the risks.	In addition to the Supply Chain maps, CF Martin has prepared Supply Chain Risk Assessments covering the species and components of the OM Biosphere guitar model. These were reviewed as part of the audit.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.2.	Risk assessment is conducted for all the entities and supply chains within the Due Diligence System (DDS) scope.	See 3.1	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.3.	Risk assessment is developed for different parts of the supply chain as relevant: a) Risk assessment related to production at the land use level (e.g. plot of land, farm or forest), b) Risk assessment related to processing; and c) Risk assessment related to trade and transport	The risk assessment includes supply chain mapping, risk evaluation and looking at the land use level also. Combined with the fact that the material is all FSC certified, the low risk conclusion appears justified.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.4.	The risk assessment shall, at a minimum, take into consideration the following: a) The risks for non-conformances against any applicable requirements in the Sustainability Framework,	The risk assessments have to some degree considered these points, however they are not going into details on each point, since a key strategy for risk mitigation is third-party certification (sourcing all as FSC 100% certified).	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

	<p>b) Presence of forests in the country and area of production of the relevant commodity or product,</p> <p>c) The prevalence of deforestation or forest degradation in the country, region and plot of land of the production of the relevant commodity or product,</p> <p>d) Known cases of human rights violations,</p> <p>e) The source, reliability, validity and links to other available documentation,</p> <p>f) Concerns about the country of production and origin, such as the level of corruption, the prevalence of document and data falsification, lack of law enforcement, armed conflict or the presence of sanctions imposed by the United Nations Security Council or the Council of the European Union or other relevant national or international authorities,</p> <p>g) The complexity of the relevant supply chain, in particular, difficulties in connecting commodities and/or products to the plot of land where they were produced; and</p> <p>h) The risk of mixing with products of unknown origin or produced in areas where deforestation or forest degradation has occurred or is occurring.</p>		
3.5.	There third-party certification systems are used, together with other evidence, to indicate a low risk of non-compliance, it is ensured that the scheme provides assurance of low risk related to relevant indicators and can ensure the absence of mixing of non-conforming material/products in the supply chain.	All input is FSC 100% third party certified, thus this point is applicable. The combination of supply chain maps and risk assessments, provide sufficient assurance in the integrity of the FSC certified material – that it is indeed FSC 100% certified and no mixing has occurred. See also info under 3.6	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.6.	Where a certification system is used as per 3.5, the following are met: a) All requirements related to product information for each certified product have been met; and b) The information related to the certification claim is valid and accurate and fully covers the relevant products.	<p>The information about certified status is carefully checked and verified. Related info is also documented in the risk assessments.</p> <p>In relation to the country of origin, it is specified in the supply chain maps, but there is also a general policy and provisions in CF Martin supplier manual that country of origin shall be stated for any material supplied to CF Martin.</p>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
3.7.	Risk assessments are documented and justified for each individual product in the scope of the Due Diligence System (DDS).	See 3.1	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

4. Risks mitigation

#	Indicator	Findings	Compliance
4.1.	Where risks are specified, efficient and justified measures for mitigating are developed and implemented, ensuring that the following actions are taken, as applicable:	Key risk mitigation strategy is to source all material as FSC 100% certified. This has been implemented for all the wood-based products used in the OM Biosphere model. The supply chain mapping and Risk	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

	<p>a) For specified risks related to land use level production activities in the country or area of production, conformance with relevant indicators of the Sustainability Framework is ensured.</p> <p>b) For specified risks related to processing activities in the supply chain, conformance with relevant indicators of the Sustainability Framework is ensured.</p> <p>c) For specified risks related to the transport and trade of products, including declaration and classification of the material for customs, conformance with relevant indicators of the Sustainability Framework is ensured.</p> <p>d) For specified risk of the material being mixed or substituted during transport, processing or storage, traceability and integrity of the supply chain is secured.</p>	Assessments support the integrity of certified material and avoidance of mixing.	
4.2.	<p>The cases of major or continuous violations of the Sustainability Framework requirements by suppliers are mitigated by:</p> <p>a) Excluding supply and/or suppliers from sourcing or production where significant and/or continuous non-conformance is identified; and</p> <p>b) Ensuring that material is not sourced from the supply chain or area in question until risks are mitigated.</p>	<p>The Supplier Manual, to which all suppliers agree to, includes the option to de-qualify suppliers or discontinue sourcing from them.</p> <p>However, in the case of the model OM Biosphere, it is envisioned to produce a total of 200 guitars. All wood base material that is needed to produce the full number of these guitars, has already been purchased and stocked by CF Martin. Thus, in reality this requirement will not be applicable for the included scope.</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>
4.3.	Risks are mitigated before any claims in relation to the Sustainability Framework are made or products sold as being compliant with the Sustainability Framework.	See 4.1 and 4.2	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>
4.4	Approval from Preferred by Nature must be sought and received before making any claims or starting any sale of products with claims.	The responsibility for and need to do this, is clearly documented in CF Martin DSC for Sustainability Framework Program.	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>

5. Evaluation of risk mitigation and conformance

#	Indicator	Findings	Compliance
5.1	Risk mitigation actions are evaluated and found to be effective and efficient to mitigate all identified risks	<p>As the risk mitigation strategy is to source FSC certified material, core focus on the effectiveness of the mitigation is about integrity of the FSC material and avoidance or mixing or any fraud in terms of claiming FSC certified status.</p> <p>To support the integrity of supplier claims, CF Martin has a Supplier Approval, Qualification and Certification program. A component of this program is also Supplier Performance Evaluation, under which supplier performance is evaluated in 10 categories on a scale from 1 to 5. Depending on the supplier status and performance, onsite visits may also be implemented.</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>

		Additionally, for some suppliers, a consultant organisation is used (Forest Based Solutions), who is conducting periodic on-site due diligence visits with focus on risks related to sustainability compliance at the country of harvest, forest management planning, traceability and species related risks.	
5.2	The evaluation shall include monitoring suppliers' conformance whenever these are relevant to risk mitigation actions.	See 5.1	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
5.3	The evaluation of effectiveness is conducted at regular intervals or when needed to ensure the effectiveness of risk mitigation.	See 5.1	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
5.4	The effectiveness of risk mitigation is justified and documented, appropriate to the size and complexity of operations.		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
5.5	<p>If non-conformances with Sustainability Framework requirements are discovered related to products that have already been sourced or sold with claims related to Sustainability Framework, the following steps shall be taken:</p> <p>a) Any further sale of products with such claims shall immediately stop until effective mitigation of any risks has been completed. Any products remaining in stock while the risks are being mitigated shall remain in stock for the time of mitigation or be sold without any claims related to Sustainability Framework.</p> <p>b) Relevant customers are informed in writing, as appropriate and in a timely manner.</p> <p>c) Causes of violations are analysed and measures to prevent re-occurrence are implemented.</p> <p>d) Preferred by Nature is notified; and</p> <p>e) Preferred by Nature is allowed to evaluate actions taken.</p>	This is regulated and documented in CF Martin DSC for Sustainability Framework Program. CF Martin also has a procedure for FSC non-conforming products, as this also relates to the guitar model in the scope.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>