



# Preferred by Nature Certification in brief

Preferred by Nature has crafted the Preferred by Nature Certification to elucidate the key sustainability



considerations our organisation deems crucial. This framework encompasses **four broad domains** featuring sustainability criteria and associated indicators for each.

Acting as a versatile framework, it can be customised to suit specific commodities, geographical regions, and varying operational scales, ensuring precise and relevant implementation. Given the intricacies of sustainability, the Preferred by Nature Certification offers a pragmatic solution for clarifying and aligning approaches. It serves as a valuable tool, directing individuals and organisations towards sustainable practices, drawing inspiration from like-minded entities dedicated to shaping a more sustainable future.

The Preferred by Nature Hummingbird Seal is exclusively awarded to products that adhere to the Sustainability Framework Standard. However, our aim is to enhance value without duplicity. We seek to acknowledge and commend efforts made within other sustainability initiatives - our scheme aligns with certain elements of various other sustainability programmes.



## **Benchmarking Summary**

To ensure certified companies can leverage their current certifications, it is essential to pinpoint the distinctions between key schemes and the Sustainability Framework. Indicators within the Sustainability Framework not addressed by the scheme can be validated as supplementary requirements when organisations seek to utilise the Seal and assert adherence to the Sustainability Framework.

We have crafted benchmarking guidelines for the Sustainability Framework and are presently conducting comparisons with key scheme standards.

This document encapsulates the benchmark findings, facilitating comparison with the Forest Stewardship Council<sup>TM</sup> (FSC<sup>TM</sup>) standards for forest management.

#### **About FSC**

The <u>Forest Stewardship Council (FSC)</u> certification is designed to promote sustainable forest management on a global scale. Developed through a stakeholder-led process, the FSC has established a forest management sustainability Standard comprising ten globally applicable <u>Principles and related Criteria</u> (FSC P&C), along with International Generic Indicators (IGIs). These serve as the foundation for crafting national or regional forest management standards, which in turn serve as the basis for auditing.

Independent Certification Bodies (CBs), accredited by <u>Assurance Services International</u> (ASI), are tasked with verifying compliance with these standards. Forest managers meeting FSC requirements can market their timber as FSC-certified.

Companies handling and processing FSC-certified materials for resale must obtain an FSC Chain of Custody (CoC) certificate. The FSC COC Standard primarily focuses on ensuring product traceability and integrity in labelling while also incorporating some social compliance requirements for entities within the supply chain. Additionally, we have conducted a benchmarking exercise of the Sustainability Framework against the sustainability-related criteria outlined in the FSC CoC Standard, detailed in a separate document.



FSC offers three types of product claims and corresponding labels:

- FSC 100%: Indicates that all materials originate from FSC-certified forests.
- FSC Mix: Denotes products made from a blend of materials from FSC-certified forests and other sources. If the non-FSC material is not recycled, it must conform to the FSC Controlled Wood (FSC CW) Standard. We have also benchmarked the Sustainability Framework against the CW Standard, as outlined in a separate file.
- FSC Recycled: Signifies products made from verified recycled materials.

As a member of ISEAL, an international umbrella organisation establishing best practices for sustainability schemes, FSC aligns with globally recognised standards and practices in the sustainability realm.

#### Preferred by Nature and FSC

Preferred by Nature has been involved with FSC certification for several decades, initially as a subcontractor to another accredited certification body, and since 2014, as an independently accredited certification body. We view FSC Forest Management certification as a high-bar sustainability scheme for promoting sustainable forest management. We firmly believe that FSC certification is instrumental in driving positive change across various regions through its rigorous certification process.

Among all FSC certification bodies, Preferred by Nature holds the largest share of FSC-certified forest area globally. We actively engage in the FSC community and participate in various technical working groups within the organisation. As of January 2024, Preferred by Nature manages nearly 3,000 active CoC certificates and more than 350 FSC Forest Management (FSC FM) certificates, covering a total forest area exceeding 30,000,000 hectares.

# Preferred by Nature Sustainability Framework and FSC FM Standard | benchmarking process summary

The benchmarking process followed Preferred by Nature's established procedures for comparing against the Sustainability Framework. Below is a summary of the process:

- 1. We juxtaposed the Preferred by Nature Sustainability Framework with the FSC FM Standard, utilising the FSC's global Principles and Criteria (P&C) alongside related International Generic Indicators (IGIs) as the benchmarking foundation. While acknowledging that national and interim standards may entail additional details, it was not feasible to compare against all national standards within the scope of this exercise.
- 2. The comparison was conducted at the indicator level, assessing the extent to which Sustainability Framework indicators align with FSC IGIs. However, the objective was to ascertain whether the intention of the criteria outlined in the Sustainability Framework is covered by FSC Standards. We acknowledge that variations exist in language usage and the detailed treatment of various sustainability topics. Therefore, expecting a direct correspondence at the indicator level would be unrealistic.
- **3.** Moreover, it is important to note that the FSC, being a forestry-specific standard, may offer more intricate details in certain aspects compared to the Sustainability Framework. This benchmark primarily highlights **gaps** within the FSC Standard relative to the Sustainability Framework, recognising that similar gaps may also exist within the Sustainability Framework when compared to FSC Standards.

## FSC Standard and the EU Deforestation Regulation

In addition to benchmarking the FSC FM Standard against the Sustainability Framework, we have expanded our evaluation to assess how the FSC Standard aligns with the <u>EU Deforestation Regulation</u> (EUDR).



This assessment involved utilising the Regulation's definitions of legal timber harvesting, deforestation-free, degradation and sustainable forest management, as outlined in the Regulation. Within the Sustainability Framework, we identified specific indicators that we believe correspond to these definitions, utilising them as a basis for our benchmarking process. It is important to note that the interpretation of the EUDR is that of Preferred by Nature and is not formally recognised by the European Council.

Our overall findings indicate that the FSC Standard addresses both the legality definition and the concept of deforestation-free, with the exception of the absence of any indicator related to armed conflict, a specific risk indicator outlined in the EUDR. However, as we find that the intention of criterion 2.1 is encompassed within the FSC Standard, it has not been included as a separate indicator for additional verification.

#### Benchmark hierarchy and categorisation of conclusions

The **benchmark results** for the Sustainability Framework and the FSC FM Standard are presented at the criteria level, utilising the colours as outlined in Table 1 below.

Table 1. Classification of criteria-level benchmark results

Colour	Explanation	Conclusion for the purpose of Sustainability Framework coverage based on the benchmarked scheme audits
	Fully covered  All indicators within the Sustainability Framework are thoroughly covered, ensuring alignment with their intended goals. However, discrepancies may persist in the wording and structure of how these topics are articulated.	Considered to be covered by the benchmarked Standard.
	Intent covered  The criterion's intention is adequately addressed. While variances or omissions may arise in individual indicators within a criterion, the overarching purpose of the relevant criterion is duly recognised in the benchmarked Standard.	Considered to be covered by the benchmarked Standard.
	Partly covered  Certain vital components necessary for fulfilling the overarching intent of the criteria remain unaddressed. These components should be taken into account in conjunction with the scheme requirements. In this context, we have identified particular indicators from the Sustainability Framework that must be integrated alongside the scheme Standard to ensure alignment with the Sustainability Framework.	Some aspects need to be verified in addition to the scheme requirements.
	Missing  The core topic of the criteria is not covered in the benchmarked Standard. It is essential to employ the indicators outlined in the Sustainability Framework to verify compliance.	The topic needs to be verified in addition to scheme requirements.
	Not applicable  The criterion is deemed not applicable to the sector or commodity covered by the benchmarked Standard. In certain cases, the topic may be pertinent only in exceptional circumstances, and in such instances, we may still classify it as not applicable.	Not applicable to the benchmarked Standard.



In general, the benchmarking exercise aims to assess whether the overarching intent of relevant criteria in the Sustainability Framework has been taken into account in the benchmarked Standard rather than focusing on the specific differences at the indicator level.

#### Benchmark results | summary

In this section, we provide a condensed overview of the outcomes from benchmarking the FSC FM Standard. The summary is organised based on the Sustainability Framework criteria, highlighting potential gaps.

The table below outlines the extent to which the FSC FM requirements are perceived to align with the Sustainability Framework requirements. This benchmark primarily focuses on interpreting the Sustainability Framework requirements in relation to forest management activities.

Indicators relevant to the EU Deforestation Regulation (EUDR) (2023) are marked with



Sustainability Framework Principles and Criteria Status		Remarks on coverage in FSC IGI (FSC-STD-60-004 V2-1 EN)
Management and business prac	tices are	responsible.
The benchmarking exercise evaluated 34 key indicators. Overall, it is evident that Principle 1 of the Sustainability Framework is closely aligned with FSC Standards.		
<b>1.1</b> Land tenure and management rights are secure.		All requirements have been comprehensively addressed.
<b>1.2</b> Management and operations are conducted responsibly.		The FSC Standard effectively encompasses the intent of this criterion, incorporating considerations deemed relevant for legal compliance by the FSC. However, areas where coverage may be partial or lacking involve specific mandates regarding the disclosure of information pertaining to business transactions.
1.3 Taxes and fees are paid.		All requirements have been comprehensively addressed.
<b>1.4</b> Corruption and conflict of interest are avoided.		The criterion is only partially addressed, as it lacks the requirement for the identification and declaration of conflicts of interest.  Additional indicator:  1.4.3 Conflicts of interest are identified and declared.
		Connects of interest are identified and declared.
1.5 Trade and transport are conducted legally and responsibly.		The essence of this criterion is effectively fulfilled. However, there is one indicator that remains indirectly addressed, specifically concerning the upkeep of contracts with suppliers and buyers.
1.6 Buildings, infrastructure and activities are developed and maintained in a responsible manner.		N/A



**1.7** Quality of customers and visitors experience is continuously improved.



N/A

### 2 Peoples' well-being and human rights are respected.

A total of 59 indicators underwent assessment. The benchmarking results indicate that the majority of requirements have been satisfactorily met, with particular emphasis on comprehensive coverage of issues related to child labour and community rights. However, a few areas have been pinpointed where certain aspects of the Sustainability Framework are not fully incorporated, specifically in regard to certain safety measures and the provision of employer-provided housing.

<b>2.1</b> Human rights are respected.		The intention of this criterion is addressed well. However, it is worth noting that certain requirements outlined in both the Sustainability Framework and the EUDR (2023) extend beyond the scope of Indigenous People's Rights and Worker's Rights, to which the FSC IGI is limited.	
2.2 Child labour is not present, and the employment of young workers is responsibly managed.		All requirements have been comprehensively addressed.	
2.3 Modern slavery, forced or compulsory labour do not occur.		The intention of this criterion is well-covered, although some minor gaps were identified regarding specific indicators related to the prohibition of human trafficking and workers' rights to terminate their employment.	
		not exce provisior of migra	critical aspects are absent regarding overtime limitations eding 60 hours, rest periods and time off. Additionally, as concerning the privacy rights of workers, the treatment not workers and the hiring process for seasonal workers not addressed.
		Additiona	al indicators:
<b>2.4</b> Workers' rights are		2.4.5	Overtime is voluntary and does not result in a work week exceeding 60 total hours, except under circumstances of shorter duration where additional labour is required.
respected.		2.4.7	The privacy rights of workers are respected, including, but not limited to, whenever an employer gathers private information or implements employee-monitoring practices.
		2.4.10	Responsibilities towards workers are not avoided by hiring de facto permanent, long-time, full-time workers under seasonal or temporary contracts.
		2.4.12	Migrant workers are ensured equality of opportunities and no less favourable treatment than local workers.
<b>2.5</b> Discrimination does not occur.		All requirements have been comprehensively addressed.	



2.6 Workers are remunerated in a responsible manner.		We find that the intent of this criterion is generally well-covered, although some minor gaps were identified regarding direct payment to workers and the requirements ensuring that employer-provided services do not exceed market prices.
		Some aspects crucial for workplace safety are not directly addressed by the FSC IGIs. These include specific requirements for safety guards on equipment, provision of first-aid equipment and ensuring the safety of expectant and nursing mothers.
<b>2.7</b> Facilities, operations and activities are safe.		While the FSC IGI broadly references the ILO Code of Practice on Safety and Health in Forestry Work <sup>1</sup> , it overlooks important issues such as the accessibility of first-aid equipment for forest workers and safety protocols for vehicles and utilities.
		While recognising that some of these details may be covered by national standards, for the purpose of this summary, we rely solely on the FSC IGIs.
		Therefore, we recommend that the following Sustainability Framework indicator be taken into consideration for ensuring compliance.
		Additional verification indicators:
		Indoor workplaces are hygienic, with adequate  2.7.3 lighting, temperature, ventilation, sanitation, drinking water, sanitary facilities, as well as break facilities, and food storage.
		This criterion overlooks several critical aspects.
		While the ILO Code of Practice on Safety and Health in Forestry Work indirectly touches upon the issue of employer-provided shelter and housing, it lacks specific guidelines on accommodation, such as legal requirements and affordability.
2.8 Employer-provided housing is safe and hygienic.		Moreover, requirements concerning the cost of employer-provided housing and access to essential services are notably absent. We acknowledge that in many cases, this topic may not be applicable to FSC forest management operations. However, there are instances, such as the establishment of long-term logging camps, where these requirements become relevant and should be considered.
		Additional indicators:
		If workers pay for employer-provided housing, the cost of housing is commensurate with the pay and comparable to similar housing in the area/industry.
		Where workers, and their families, live in employer-provided housing the employer ensures that they have access to medical, educational, social services.

 $<sup>^{1}\,\</sup>underline{\text{https://www.ilo.org/global/topics/safety-and-health-at-work/normative-instruments/code-of-practice/WCMS}\,\,107793/lang--en/index.htm}$ 



	The FSC Standard encompasses a comprehensive set of requirements aimed at ensuring gender equality in the workplace.	
	This includes provisions such as a minimum of 6 weeks of maternity leave and provisions for paternity leave. There is a distinction with the Sustainability Framework, which stipulates 4 weeks of paid leave. However, upon examining all indicators in both Standards collectively, we have determined that the criterion's intention is still adequately addressed.	
<b>2.9</b> Gender equality is maintained and protected.	Regarding the Sustainability Framework requirement to adhere to legal provisions for maternity leave, FSC Criterion 1.3 mandates compliance with all "applicable laws." Hence, the legal entitlement to maternity leave is considered covered under this provision.	
	However, it is worth noting that the FSC's definition of "applicable laws" related to legal employment, as outlined in Principle 1, Annex A, 3.5, specifies that applicable legislation is limited to "personnel involved in harvesting activities," which may exclude other staff of a forest operation. We propose that this constitutes a gap in the FSC's definition of legality, which could potentially be enhanced.	
	Taking into account the overall robust approach to gender equality issues and considering all indicators collectively, we conclude that the criterion's intent is adequately addressed.	
<b>2.10</b> The rights of Indigenous Peoples are known and respected.	All requirements have been comprehensively addressed.	
2.11 Communities are supported and their rights respected.	All requirements have been comprehensively addressed.	
<b>2.12</b> Culture is respected and valued.	The intention of this criterion is addressed. FSC's High Conservation Values highlight the importance of safeguarding sacred sites with spiritual and cultural significance. While there is an emphasis on Indigenous People's culture, there is relatively less detail on aspects encompassing the broader domain of local culture.	
3 Nature and the environment are protected.		
The benchmarking study evaluated 47 indicators. While some indicators were not directly addressed, they were not necessarily applicable to forestry. The study's findings highlighted robust coverage of the protection of natural forests, other ecosystems and high conservation values. Additionally, it noted thorough coverage regarding the use of chemicals and measures to mitigate their adverse impacts.		
3.1 Forests and other ecosystems are not converted.	The intention of this criterion is addressed within the FSC IGI, although some variances in nuances and approach were noted.	
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The intention of this criterion is addressed within the FSC IGI.

Legal requirements applicable to non-forest areas are partially

addressed through the definition of 'Ecosystem services' provided

**3.2** Natural forests and other

ecosystems are not

degraded.

in the FSC glossary.



3.3 Ecosystems and biodiversity values are identified and protected.	All requirements have been comprehensively addressed.	
<b>3.4</b> Chemicals are used responsibly with minimal negative impacts.	FSC maintains a generally robust approach to the use of chemicals. However, the Sustainability Framework underscores the importance of relating the use of fertilisers, which is common in managing certain types of plantations, to thorough soil assessments.  While these areas could potentially benefit from improvement, our overall assessment indicates that the FSC IGIs effectively address the intent of the Sustainability Framework concerning relevant issues.	
3.5 Waste is reduced and managed responsibly.	Some critical aspects remain unaddressed, particularly the requirement concerning the cross-border transportation of hazardous waste. Additionally, while requirements regarding reduction, recycling and reuse are addressed to some extent, there are gaps that need attention.  Additional indicator:  In the case of cross-border transportation of hazardous waste, the requirements of the Basel Convention are complied with.	
<b>3.6</b> Pollution is minimised or prevented.	The intention of this criterion is addressed by the FSC IGI. However, indicators related to noise and light pollution are deemed "N/A" within the FSC Standard.  Nevertheless, other requirements concerning land management to prevent pollution of nearby aquatic sources are thoroughly covered.	
<b>3.7</b> Water resources are protected and used efficiently.	All requirements have been comprehensively addressed.	
3.8 Soil is conserved and managed appropriately.	The intention of this criterion is covered, but the management of plant and animal material for soil biodiversity is not so directly addressed, which could be relevant in certain cases.  Additionally, requirements concerning water and wind erosion are marked as "N/A."	
<b>3.9</b> Animal health and welfare is secure.	The criterion is deemed not applicable to forest management practices.	
4 Greenhouse gas emissions are reduced.		

#### 4 Greenhouse gas emissions are reduced.

The benchmarking study evaluated 8 indicators. Although some indicators were not directly addressed, it is important to consider the Principle within the broader context of sustainable forest management practices outlined by FSC. These practices typically have favourable climate impacts overall.

**4.1** Greenhouse gas emissions are reduced.

The FSC standard does not incorporate specific mandates for quantifying, reducing or offsetting greenhouse gas emissions. It is worth noting that some aspects of this may be partially addressed by the optional FSC module on ecosystem services, which also encompasses climate impacts.



	However, our analysis suggests that sustainable forest management operations adhering to the FSC regulations generally do not result in significant negative climate impacts. When FSC requirements are fully complied with and forests are managed sustainably, the overall intent of this criterion is effectively addressed.	
<b>4.2</b> Climate change adaptation efforts are implemented	The FSC requirements currently lack direct mandates pertaining to climate adaptation considerations. This omission is particularly significant for forestry operations in various regions, especially where climate change is projected to affect the viability of species composition for sustainable forestry. The importance of integrating climate adaptation considerations is further underscored by the long-term nature of decisions regarding species composition, rendering stands vulnerable to climate change impacts, often extending decades into the future.	
proportionate to the	Additional indicators:	
risk.	4.2.1 The key risks for operations resulting or potentially resulting from climate change are identified.	
	4.2.2 Measures for climate change adaptation are implemented for areas of high risk and proportionate to the scale of the operations and anticipated social, economic, and environmental impacts.	
<b>4.3</b> Efforts are taken for GHG removal and ecosystem restoration as appropriate.	While the FSC requirements may not comprehensively cover all the indicators, we believe that the intention of this criterion is addressed through the holistic approach of sustainable forest management practices outlined within the FSC Standard.	

### **EUDR-relevant add-on indicators**

There are no additional EUDR indicators to consider.

## Add-on indicators for FSC-certified forests



Discover the seamless integration and efficiency optimisation offered by Preferred by Nature. Elevate your certifications, such as FSC FM, with our Preferred by Nature Certification add-on. Embrace effortless incorporation of missing elements into your routine audits, paving the way for streamlined operations and cost savings.

Our add-on certification exclusively targets the supplementary areas outlined in Preferred by Nature Certification. Seamlessly integrate these requirements into your upcoming audits, enhancing efficiency while minimising any disruptions. Alternatively, opt for a separate add-on audit for expedited certification processing tailored to your preferences.

#### The Preferred by Nature Hummingbird Seal

The Preferred by Nature Certification offers the opportunity to attain the **Hummingbird Seal**, provided specific conditions are met. Complying with the Sustainability Framework indicators missing in your existing certification allows you to demonstrate your commitment through claims and display the Hummingbird Seal on your website and in promotional materials.

This showcases your dedication to practices beneficial to people, nature and the climate.

Additionally, you can use the Seal for segregation marking to distinguish verified products as they traverse the supply chain (e.g., directly on product packaging, task orders, shipping documents, invoices; segregation marking cannot reach end users).

For foresters certified against the **FSC Forest Management Standard** interested in participating in the Preferred by Nature Certification programme, this document outlines **additional requirements**. To initiate the add-on verification process, simply reach out to your dedicated task manager, who will promptly assist in planning the next steps.

#### Add-on indicators for FSC-certified forests

Sustainability Framework Criteria	Sustaina	bility Framework Indicators		
Principle 1 Management and business practices are responsible.				
1.4. Corruption and conflict of interest are avoided.	1.4.3	Conflicts of interest are identified and declared.		
Principle 2 People's well-being ar	Principle 2 People's well-being and human rights are respected.			
	2.4.5	Overtime is voluntary and does not result in a work week exceeding 60 total hours, except under circumstances of shorter duration where additional labour is required.		
2.4. Workers' rights are	2.4.7	The privacy rights of workers are respected, including, but not limited to, whenever an employer gathers private information or implements employee-monitoring practices.		
respected.	2.4.10	Responsibilities towards workers are not avoided by hiring de facto permanent, long-time, full-time workers under seasonal or temporary contracts.		
	2.4.12	Migrant workers are ensured equality of opportunities and no less favourable treatment than local workers.		
2.7. Facilities, operations and activities are safe.		Indoor workplaces are hygienic, with adequate lighting, temperature, ventilation, sanitation, drinking water, sanitary facilities, as well as break facilities and food storage.		



Sustainability Framework Criteria	Sustaina	nability Framework Indicators		
Principle 2 People's well-being and human rights are respected.				
2.8. Employer-provided housing is safe and hygienic.	2.8.3	If workers pay for employer-provided housing, the cost of housing is commensurate with the pay and comparable to similar housing in the area/industry.		
	2.8.5	Where workers and their families live in employer-provided housing, the employer ensures that they have access to medical, educational and social services.		
Principle 3 Nature and the environment are protected.				
3.5 Waste is reduced and managed responsibly.	3.5.6	In the case of cross-border transportation of hazardous waste, the requirements of the Basel Convention are complied with.		
Principle 4 Greenhouse gas emissions are reduced.				
4.2 Climate change adaptation	4.2.1	The key risks for operations resulting or potentially resulting from climate change are identified.		
efforts are implemented proportionate to the risk.	4.2.2	Measures for climate change adaptation are implemented for areas of high risk and proportionate to the scale of the operations and anticipated social, economic, and environmental impacts.		



