



### Preferred by Nature Certification FAQ

This FAQ provides answers to commonly asked questions from clients and stakeholders about the Preferred by Nature Certification system.

In today's business landscape, environmental, social and governance (ESG) considerations are paramount for companies striving to align their operations with sustainable practices. As organisations increasingly recognise the importance of integrating sustainability into their business strategies, our Framework and certification services offer a comprehensive approach to address voluntary, as well as mandatory, ESG requirements across sources, supply chains and operations.

In this FAQ document, we aim to provide clarity and guidance on how our Sustainability Framework and Preferred by Nature Certification can be leveraged by companies seeking to enhance their sustainability efforts.

This document acts as a comprehensive resource, guiding businesses through the core principles of our Sustainability Framework and providing valuable insights into navigating the certification process. It serves as a vital tool in empowering businesses to effectively pursue sustainability initiatives.

The Preferred by Nature Certification revolves around our robust Sustainability Framework, developed from decades of experience collaborating with various companies across the supply chain. This system is finely tuned to prioritise performance and deliver tangible results for land managers, retailers and every step in between.

All requirements are published in our standards available on our website: <a href="https://preferredbynature.org/preferred-by-nature-certification">https://preferredbynature.org/preferred-by-nature-certification</a>

### Preferred by Nature sustainability certification and other schemes

The **Preferred by Nature Certification** scheme was created to supplement the gaps in existing schemes and offer a flexible and comprehensive solution to companies wishing to certify their sustainability efforts. Enclosed are responses to frequently asked questions regarding our perspective on the significance of Preferred by Nature Certification within the landscape of existing schemes. These insights aim to offer clarity and guidance on the role this certification plays in advancing sustainable practices.

### 1 Why should I go for Preferred by Nature Certification if we are already certified?

The Rainforest Alliance and Forest Stewardship Council<sup>TM</sup> (FSC<sup>TM</sup>) certification schemes were created to address specific topics or issues within

focused sectors. The Sustainability Framework and Preferred by Nature Certification are applicable to various commodities across different sectors,



making them suitable for a wide array of actors in the supply chain.

Preferred by Nature Certification can be achieved at both the farm level and down in the supply chain using a due diligence approach. It is performance and outcomefocused, which means the system has limited requirements for operation procedures. Furthermore, the certification process applies a risk-based approach, in which the evaluation will filter out low-risk issues and focus on issues of importance.

By developing the Preferred by Nature Certification system, we aim to bring to the market a unified and all-encompassing standard that addresses key sustainability concerns. It provides a holistic approach to sustainability, ensuring that social, environmental and economic aspects, as well as climate, are considered.

Furthermore, with the introduction of the EU Deforestation Regulation (EUDR), the Preferred by Nature Certification system has been developed and aligned with its requirements. This means that companies can use Preferred by Nature Certification as an effective tool to support conformance with the new regulation.

### 2 Will Preferred by Nature continue to support FSC, RA, SRP and other schemes?

Absolutely! Preferred by Nature fully supports commodity-specific schemes like FSC, RA, and SRP, recognising their invaluable contributions to advancing sustainability within their respective sectors. These schemes have well-developed criteria and rigorous auditing procedures tailored to the unique challenges and opportunities of specific industries.

Our own certification system is designed to be more encompassing, covering

a broader range of crops from forests and farms. It utilises an outcome-focused, risk-based approach that may require fewer field audits, that focuses on the most critical issues and system requirements compared to sector-specific schemes.

Therefore, we see our certification system as a complementary addition to the existing landscape of certification, rather than a replacement.

# 3 What is the main difference between Preferred by Nature Certification and FSC/RA/SRP...?

Both the Preferred by Nature Certification and commodity-specific schemes like FSC, RA and SRP play vital roles in promoting sustainable practices. However, several key differences set them apart:

- Scope: Our Sustainability Framework
  has a broader scope, covering a wide
  range of crops from both forests and
  farms. In contrast, commodity-specific
  schemes focus on tailored criteria for
  their specific sectors.
- Approach: We have adopted an outcome-focused, risk-based due diligence methodology. It aims for impact while potentially minimising the need for field audits and system requirements, setting it apart from the often more prescriptive auditing procedures of commodity-specific schemes.
- Regulatory alignment: One significant advantage of our Sustainability



Framework is its adaptability to regulatory requirements. For example, it has been adjusted to align with the requirements of the EU Deforestation Regulation, and we are committed to continuously updating the framework in line with relevant regulations on key markets going forward.

- Supply chain flexibility: Unlike other schemes that primarily certify at the farm or forest level, our system also allows companies downstream in the supply chain to use a due diligence approach. This enables sourcing from low-risk areas without requiring field evaluations.
- Inclusivity: Our system is designed to be more accessible, especially to smallholders. Its outcome-specific requirements are often easier to meet than those of schemes that heavily focus on procedural compliance.

- Uncovered crops: The Sustainability
   Framework fills a crucial gap by
   providing a sustainability pathway for
   crops that are not yet covered by other
   sector-specific schemes.
- Additional carbon criteria: Final
  products bearing the Preferred by
  Nature Hummingbird Seal must also
  meet our carbon footprint management
  requirements. Additionally, companies
  labelling such products are required to
  contribute to projects that benefit
  people, nature and the climate, with
  contributions calculated based on the
  product's carbon footprint.

By offering a complementary, broader, and perhaps more flexible and accessible approach to sustainability, the Preferred by Nature Certification works in harmony with, rather than replacing, existing certification schemes.

## 4 What are the additional indicators that the Preferred by Nature Sustainability Framework has compared to FSC and RA?

We have been benchmarking the Sustainability Framework against RA and FSC. The results are publicly available on our website: <a href="https://preferredbynature.org/certification/pbn-certification/sustainability-framework-and-other-standards">https://preferredbynature.org/certification/pbn-certification/sustainability-framework-and-other-standards</a>

### The use of the Preferred by Nature Seal

### 5 How can I get permission to use the Seal?

The **Seal Use Policy** outlines the rules for seal use.

There are **3 ways** in which the Seal can be used:

- Certified status to indicate the certified status of the organisation (i.e. NOT product-related) | Available to all Preferred by Nature certified organisations
- Segregation marking used as marking during manufacturing and for B2B communication in the supply chain for intermediate products only! | Available to all Preferred by Nature certified organisations





• Final product - to use for final products or promote towards end consumers | Available to Preferred by Nature certified organisations that meet additional requirements (GHG emission compensation and compliance with our Carbon Footprint Management standard).

### 6 Can the same product carry both FSC/RA/SRP logo and the Hummingbird Seal?

Yes, a product can carry both a commodity-specific logo like FSC, RA or SRP and the Preferred by Nature Hummingbird Seal, provided it meets the criteria for labelling under each respective scheme.

It is crucial to understand that each logo or seal represents different sets of requirements and assurances.

Commodity-specific schemes such as FSC, RA, SRP. These logos indicate that the related forests or farms have been audited and found to comply with the specific sustainability standards of those schemes.

#### Preferred by Nature Hummingbird Seal.

This seal signifies that the product is considered low risk for originating from forests or farms managed in violation of our Sustainability Framework requirements. Additionally, it assures consumers that measures are in place to manage and reduce the product's carbon footprint, with contributions going towards projects that benefit people, nature and the climate.

Both types of certifications can complement each other, providing a multi-faceted assurance of sustainability to consumers.

#### 7 Can we use the seal if we are certified as an add-on to other certifications?

Yes, you can use the Preferred by Nature Seal if you have undergone the add-on certification process. The add-on certification, conducted under the Preferred by Nature Certification programme, allows organisations that already hold existing certifications, such as FSC or RA, to supplement their certification with the Preferred by Nature Certification requirements.

By successfully completing the add-on certification, you demonstrate your commitment to meeting the additional sustainability criteria specified in the Sustainability Framework and associated standards.

Once certified, you will have the opportunity to use the Preferred by Nature Seal on your products. However, in case you want to use the Seal in relation to any final products or to promote the products towards end consumers, additional requirements apply before you can use the Seal. These are related to calculating and managing the carbon footprint of the product and an element of financial compensation for the climate and other impacts related to the product.



### 8 What is the market recognition for the Seal?

The Preferred by Nature Seal is a new seal in the market that represents broad sustainability coverage.

It sets stringent requirements for companies to comply with to place the Seal on their products. Meeting these requirements signifies that the product meets a broad range of core sustainability topics, making the Seal a strong statement in terms of sustainability commitment.

Once a product is marked with the Seal, it adds a competitive advantage to the

products carrying the Seal, as it signifies the sustainability of the product.

Unlike other existing labels, the Preferred by Nature Seal combines both sustainability aspects and climate requirements. By placing the Preferred by Nature Seal on their products, companies demonstrate their dedication to environmental stewardship and their commitment to tackling the challenges of climate change.

### 9 Are there royalties or fees for the use of the Seal?

There is no royalty currently set for the use of the Seal. However, whenever the Seal is used on final products or to promote products to end consumers, organisations must pay a financial contribution that will be invested into projects supporting people, nature and climate.

The size of the contribution is determined by the carbon footprint of the product and

is currently set at 20 EUR per ton of CO2e.

Alternatively, organisations may choose to purchase carbon credits equivalent to the carbon footprint of the volume of the labelled products from credible projects (see project eligibility criteria in our Seal Use Policy).

### 10 Who else is using the Seal?

The usage of the Seal may vary depending on the industry, region and individual organisations that have gone through the certification process and met

the requirements. However, the Seal is newly launched, so its use is yet limited at this stage.

## 11 Once I am granted the use of the Seal, do I need additional approval from Preferred by Nature before placing it on the products?

Upon the first use of the Seal on final products, you must submit this to Preferred by Nature. When you demonstrate correct use and understanding of the requirements, you

will be granted approval for the use of the Preferred by Nature Seal. You will then not need additional approvals for each use. However, it is important to ensure that you comply with the terms and



conditions associated with the Seal usage, as specified by Preferred by Nature.

These terms and conditions may include guidelines on where and how to display the Seal on your products, specific language or messaging requirements for off-product claims, and any ongoing reporting or compliance obligations.

While the use of the Seal is typically authorised once you meet the relevant requirements and obtain certification, it is required that you maintain full awareness

of any related requirements and guidelines.

In case you have any doubts or questions, you should contact Preferred by Nature to confirm any specific requirements or updates related to the use of the Seal on your products.

Please note that you are required to maintain all records related to Seal use, which may be checked by Preferred by Nature staff during audits or upon request at other times.

# Preferred by Nature certification and the EU Deforestation Regulation

### 12 Do we get a certificate that we comply with the EU Deforestation Regulation?

We don't issue a certificate specifically stating compliance with the EU Deforestation Regulation (EUDR).

The EUDR is a legal requirement, and the competent authorities are responsible for verifying compliance with the regulation.

However, by obtaining the Preferred by Nature Certification, you can demonstrate that your product meets the requirements of the Preferred by Nature Certification programme requirements, including the Sustainability Framework.

The Preferred by Nature Certification programme and its requirements have been developed to be aligned with the relevant EUDR requirements.

Conformance with the Preferred by Nature Certification programme, therefore, provides additional assurance that your systems are aligned with key aspects relevant to the EUDR. Specific requirements in the Sustainability Framework have been marked as being relevant to the requirements of the EU Deforestation Regulation.

We also do allow clients who are certified against our regulatory indicators to communicate this by using the claim: "Preferred by Nature Certified – Regulatory Scope".

See the <u>CoC Standard</u> for more information in relation to geolocation tracking and product traceability.

## Does Preferred by Nature provide a traceability platform that conforms with the EUDR?

At this point, Preferred by Nature does not provide or offer such a platform, and we are not in the process of developing one.



We have collaborated with FAO to develop a data-sharing protocol: <a href="https://preferredbynature.org/projects/fao-geolocation-collection-and-communication-protocol">https://preferredbynature.org/projects/fao-geolocation-collection-and-communication-protocol</a>

### Other certification-related questions

### 14 How much does the Preferred by Nature Certification cost?

The cost of Preferred by Nature Certification depends on several factors, including the scope of your production and the specific aspects you want to certify. The certification process may involve assessing various elements of your operations, supply chain and sustainability practices.

Due to the variable nature of these factors, it is best to contact our contact person appointed to you company and provide us with more detailed information on your operation and your need. We will then analyse your case and will be able to provide you with accurate details regarding the cost of Preferred by Nature Certification based on your unique circumstances and requirements.

However, if you are already certified by Preferred by Nature against another certification scheme, such as FSC or RA, an add-on certification process can be applied.

Through the add-on certification, the focus will be on the additional criteria that need to be met beyond your existing certification.

By combining the Preferred by Nature Certification with your next audit, the aim is to minimise costs by avoiding an additional or redundant audit. This integrated approach streamlines the certification process and ensures that the necessary requirements of both certifications are assessed effectively. This will minimise your cost or staff time involved in the audit process.

### 15 Will the report on Preferred by Nature Certification be published?

As part of our commitment to transparency and accountability, we will provide a summary of the Preferred by Nature Certification report on our website.

This summary will highlight the key findings and outcomes of the certification process, demonstrating your organisation's compliance with the Sustainability Framework requirements. It serves to communicate your sustainability achievements to stakeholders, customers and the public.

Current public summaries can be accessed here:

https://preferredbynature.org/certification/pbn-certification/certified-organisations

While the detailed report may contain sensitive or confidential information, the summary will capture the essential aspects of the certification and showcase the positive steps your organisation has taken towards sustainability.



It provides a transparent overview of your sustainability performance and helps you build trust and credibility in the market.

Clients will always be able to review the public summary before publication to ensure that no confidential information is included.

## 16 Do we get a certificate if we only conform to selected sections of the Sustainability Framework?

If you choose to comply with only certain parts or topics of the Sustainability Framework, you may still ask Preferred by Nature to verify how you comply with those topics. This enables you to start your sustainability journey with specific focus topics.

However, in such cases, we will not issue a certificate to indicate compliance with the Sustainability framework. You will,

however, receive a written report limited to the scope of topics you have chosen, with findings on your performance in relation to these requirements.

Please note that you will not be eligible to use the Preferred by Nature Hummingbird Seal unless you comply with all requirements of the Sustainability Framework.

### 17 How do I demonstrate compensation for climate impacts?

To demonstrate compensation for climate impacts, you can follow the guidelines and requirements outlined in the Preferred by Nature Seal Use Policy.

This includes compliance with the Carbon Footprint Management Standard and financial contribution related to the non-reducible part of the carbon footprint of the product.

The Carbon Footprint Management Standard includes requirements for

calculating your carbon footprint, setting reduction targets and implementing activities to reach the reduction goals.

You can invest in certified carbon projects that reduce emissions and track & document offsets.

Please refer to the <u>Seal Use Policy</u> for comprehensive guidelines and details.

### 18 Can Preferred by Nature Certification be used in our ESG efforts?

Yes, Preferred by Nature Certification, leveraging its robust Sustainability Framework, offers companies a comprehensive approach to address environmental, social and governance (ESG) considerations.

Through a risk-based approach, the Framework helps companies identify and

prioritise material ESG issues, integrating stakeholder perspectives, industry benchmarks and strategic priorities.

This structured methodology supports companies in conducting materiality assessments, whether for voluntary sustainability initiatives or mandatory regulatory requirements.



By systematically assessing risks and opportunities, companies can enhance the relevance and credibility of their sustainability disclosures and initiatives, aligning with industry best practices and regulatory expectations.

As a result, Preferred by Nature Certification serves as a valuable tool for companies seeking to enhance their ESG performance, mitigate risks and drive long-term value creation.

# 19 For products that contain other types of components, such as glass or metal, shall the carbon footprint of these components also be compensated for?

The Preferred by Nature Certification programme focuses on forest and agricultural products. We will not certify products that are primarily composed of materials other than forest and agricultural products.

This also means that you cannot achieve Preferred by Nature Certification for products that are not primarily made from wood or agricultural products.

However, many forestry-related products include components from other materials, such as glass or metal. Likewise, many

agricultural final products may be blended from different ingredients. We do allow minor components of the product to be from other types of material (see more details on this in the CoC standard).

It is important to note that the carbon compensation requirement for final products applies to the whole final product. Thus companies that want to use the Seal on final products must consider and compensate for all the components of the product, including any non-forestry or non-agricultural components.

### 20 Is the Sustainability Framework adapted to all agricultural crops?

The Sustainability Framework is designed to be adaptable to various sectors. While there is not a specific adaptation of the Framework for all crops, it has the flexibility to accommodate specific sector requirements.

We will continuously develop commodityspecific guidance, which shall be used along with the Sustainability Framework during auditing.

### 21 Does Preferred by Nature allow group certification?

Yes, the Preferred by Nature Certification can be used for group certification.

The latest version of SP-02 System Requirements has an annex with Group and Multi-site requirements. Kindly refer to the <u>System Requirements</u> document for further clarification.



### 22 Can you provide training for our company?

We can explain the requirements of the Sustainability Framework and our certification system. However, we do not provide specific consultancy support to implement the Preferred by Nature Certification in your organisation.

To ensure compliance with the Sustainability Framework and other related requirements, it is important to carefully review and understand the requirements outlined in the Framework, assess your current practices and identify areas where adjustments or improvements are needed to meet the

standard. This may involve implementing new routines, procedures or sustainability initiatives.

You can also consider asking Preferred by Nature to conduct an independent gap analysis to identify any areas of noncompliance.

You can also engage with sustainability experts or consultants who can provide guidance specific to your industry or sector and help to develop and/or implement action plans to bring your activities into compliance with the requirements.

### 23 Do you have a complaints or appeal process?

Yes, Preferred by Nature has a <u>Dispute</u> <u>Resolution Policy</u>, which is published on our website. The policy applies to all our activities, including the Preferred by Nature Certification. The process for submission and handling of disputes is described in the policy.

If your organisation wishes to contest or address any concerns related to the Preferred by Nature Certification process, it can follow the outlined dispute resolution process. This process provides a structured and transparent way to resolve any disputes or grievances that may arise during the certification process.

