

**Supplier Audit Report**

**for [INSERT COMPANY NAME]**

**Assessment [INSERT DATE]**

**Report date: [INSERT DATE]**

**Supplier audited:**

[INSERT SUPPLIER NAME & ADDRESS]

**Audit managed by:**

[INSET AUDITING ORGANISATION’S NAME]

|  |  |
| --- | --- |
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**DISCLAIMER**

**By using this document, you confirm that you have read and understood the clarifications below.**

This document is designed to document a supplier’s conformance with the requirements of the Preferred by Nature LegalSource standard. It is intended to be used by anyone evaluating a supplier, not only LegalSource auditors, for example, it could be used by a company wishing to conduct their own evaluation of a supplier. Not all checklists will be applicable, the auditor shall delete those that are not applicable.

It has been designed to be in alignment with the EU Timber Regulation but does not provide any guarantee or assurance regarding compliance level of a company using it.

The text written in red is for auditor guidance only and should be deleted when the report is finalised.

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# A. Introduction

The purpose of this report is to document conformance with the requirements of the Preferred by Nature LegalSource standard by [INSERT SUPPLIER NAME], hereafter referred to as “Organisation”. The report presents the findings of auditors, who have evaluated the Organisation’s systems and performance against the applicable requirements. The sections below provide the audit conclusions and follow-up actions required by the Organisation.

# 

# B. Scope

The LegalSource audit and report cover the following scope:

|  |  |
| --- | --- |
| **Evaluation Process** | |
| Audit team: | **[INSERT AUDITOR NAME]**  [INSERT AUDITOR QUALIFICATIONS] |
| Description of Audit Process: | [INSERT OVERVIEW OF AUDIT PROCESS] |
| Physical Sites Visited: | [INSERT NAME AND ADDRESS OF ALL SUPPLIER SITES VISITED] |
| Background to the Audit: | [INSERT SUMMARY OF PREVIOUS DUE DILIGENCE ACTIVITIES CONDUCTED BY THE COMPANY OR EXTERNAL PARTY]  e.g. “*This audit is conducted as part of a risk mitigation action, following desk risk assessment of supply chains X and Y by Preferred by Nature on behalf of Company A.”* |

# C. Audit Findings

The main risks identified during the audit are as follows:

[INSERT CLEAR SUMMARY OF MAIN RISKS IDENTIFIED DURING AUDIT – BULLET-POINT FORMAT MAY BE USED]

**Risk Assessment:**

* XXXXX
* XXXXX

[WHERE APPLICABLE, delete as appropriate]:

**Legal Compliance of the Organisation:**

* XXXXX
* XXXXX

**Chain of Custody at the Organisation:**

* XXXXX
* XXXXX

# D. Follow up on risks from earlier audits

This section indicates where the Organisation has adequately addressed issues identified during or since the last audit.

Any risks which cannot be closed remain active and appear in Section C (above).The specified follow-up action is required by the Organisation or involuntary suspension will take place.

(INSERT MITIGATE RISKS HERE)

# E. Risk Assessment

**(DD-08 Risk Identification Checklist)**

This section of the audit report contains findings from the risk assessment conducted as part of the on-site audit of the Organisation. Risk assessment is conducted in line with Preferred by Nature Due Diligence System procedures (DD-01) and Risk Identification Checklist (DD-08). Findings are summarised under 6 risk categories and details are provided for specific supply chains/ products/ situations observed during on-site evaluation.

[NON-EXHAUSTIVE GUIDANCE NOTES ARE PROVIDED IN EACH SECTION BELOW FOR AUDITORS. THESE MAY BE DELETED BUT SHOULD GUIDE THE AUDITOR DURING REPORTING. AUDITOR IS RECOMMENDED TO REVIEW DD-01 AND DD-08 PRIOR TO ON-SITE AUDIT.]

|  |  |
| --- | --- |
| **Risk** | **Onsite Risk Findings** |
| **Access to Information** | ***Notes and guidance:***  *Auditor shall review the Preferred by Nature National Risk Assessment available at* <https://www.preferredbynature.org/sourcinghub> *to review the legally required documentation for each country of origin.*   * *Is there sufficient information about the origin and indications of legal status available to a level of detail that allows risk assessment?* * *Is information gathered from the supply chain consistent with data on the species distribution and availability?* * *Do required invoices and transport documents accompany the products to confirm the financial and physical route of products?*   *TASK MANAGER TO INSERT SPECIFIC ISSUES RELATING TO AUDIT WHICH SHOULD BE ASSESSED. For example; Is the Organisation re-using harvest permits for different products? Is there evidence of incorrect re-use of permits to launder undeclared purchases?* |
| **Origin** | ***Notes and guidance****:*  *Auditor shall review the Preferred by Nature National Risk Assessment available at* <https://www.preferredbynature.org/sourcinghub>*. Where risks are identified at the national level, increased scrutiny will be placed on those sub-categories to evaluate if the risks are applicable and present in supply chains processed by the Organisation.*   * *Is the product accompanied by a valid FLEGT license? (only applicable to products purchased from countries operating FLEGT licensing schemes)* * *Are there sanctions imposed by the UN Security Council or the Council of the European Union on timber imports or exports from the country of origin?* * *Does the timber originate from countries or areas where there are armed conflicts are ongoing?* * *Is the area of harvest, transport and trade located in a country with a high level of corruption?* * *Is the country or sub-national region of harvest known to have occurrence of illegal harvesting or practices? (see Preferred by Nature Sourcing Hub)* |
| **Species** | ***Notes and guidance****:*  *Auditor shall review the Preferred by Nature Country Profile for each source country available at* <https://www.preferredbynature.org/sourcinghub>*.*   * *Are the tree species listed on CITES Appendix I?* * *If the species are listed in the CITES Appendices II or III: does the material have the correct CITES license and documents, verified to assure legality? (only applicable if material is CITES listed)* * *Are the species listed on the IUCN Red List as vulnerable, endangered or critically endangered?* * *Is the material or product made from species, which are commonly or often associated with illegal harvesting?*   *TASK MANAGER TO INSERT SPECIFIC ISSUES RELATING TO AUDIT WHICH SHOULD BE ASSESSED WHERE REQUIRED. For example; What quantity of x species is in stock at the time of the audit? How fast does the Organisation process x species?* |
| **Certification Status** | ***Notes and guidance:***   * *Is the product accompanied by the required claims confirming its certification status? (only applicable if supplier and material are certified to a recognised scheme)* * *Does the supplier hold a valid certificate for a certification/ verification scheme?* * *Does the certification/ verification scheme cover the requirements of Preferred by Nature? (only applicable if supplier holds a valid certificate)*   *TASK MANAGER TO INSERT SPECIFIC ISSUES RELATING TO AUDIT WHICH SHOULD BE ASSESSED WHERE REQUIRED.* |
| **Mixing** | ***Notes and guidance:***   * Does the supply chain consist of many tiers back to the forest of origin? * Does the supply chain span different countries before the final product is placed for commercial circulation? * Is the product made of multiple material components? * Is the product or its components made from composite or complex materials? * Could the input material be substituted by similar material inputs which have a different species or origin? * Can supply chain entities provide clear documentation and information on the material input and species included in the product?   *TASK MANAGER TO INSERT SPECIFIC ISSUES RELATING TO AUDIT WHICH SHOULD BE ASSESSED WHERE REQUIRED.* |
| **Trade and Transport** | ***Notes and guidance:***  *For EUTR purposes trade and transport laws are only applicable to the section of the supply chain in the country of harvest e.g. up to the point of export. For LegalSource purposes compliance with trade & transport laws is required throughout the supply chain.*   * *Are suppliers legally registered to operate and allowed to carry out commercial activity as relevant to the production of forest products?* * *Have all applicable taxes, royalties and fees associated with processing, transport and trade of forest products been paid?* * *Are products correctly classified (species, quantities, qualities etc.) on sales documents, customs declarations and other legally required documents?* * *Are there any indications of illegal manipulation in relation to transfer pricing?*   *TASK MANAGER TO INSERT SPECIFIC ISSUES RELATING TO AUDIT WHICH SHOULD BE ASSESSED WHERE REQUIRED.* |

# F. Legal compliance of the Supplier (processor or trader)

**(LS-02 Preferred by Nature LegalSource Standard, Annex 2)**

This section contains an evaluation of the legal compliance of the audited Organisation. This allows for assessment of the risk that the Organisation is operating in non-compliance with trade and transport laws, in the country where it is located.

This section shall be used to verify legal conformance when the Organisation does not operate at the forest level, it is a processor or trader within the supply chain.

Where applicable, space is included within each section for the auditor to write the specific piece(s) of legislation and the legal authority before the onsite visit.

### Standard Checklist

|  |  |
| --- | --- |
| **Standard Requirement** | **Conformance Assessment** |
| **1. Legal Registration**  **General requirement:** The Organisation shall be legally registered and licensed as a business and approved by the relevant authorities to conduct the defined business activities as required by law. | |
| * 1. **Legal registration shall be in place** | |
| 1.1.1 The Organisation shall have in place valid and appropriate business licenses and registrations. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 1.1.2 The Organisation shall be legally allowed to carry out commercial activity as relevant to the processing or transport of forest products. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **2. Taxes and fees**  **General requirement:** The Organisation shall fulfil requirements in relation to all obligatory taxes, fees and/or royalty payments associated with maintaining the legal right to operate. | |
| **2.1 Payment of taxes, royalties and fees** | |
| 2.1.1. Evidence shall exist for payments of harvesting- related royalties, taxes, fees and other charges. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 2.1.2. Volumes, species and qualities given in sales and transport documents shall match the fees and royalties paid. | Yes  No  N/A |
| Findings: | |
| 2.1.3. Organisation shall be current with all applicable taxes and fees related to the maintenance of the right to operate. | Yes  No  N/A |
| Findings: | |
| 2.1.4. Authorities shall confirm that the Organisation has paid all applicable fees. | Yes  No  N/A |
| Specific Authority/ies: | |
| Findings: | |
| **2.2 Value-added taxes and other sales taxes** | |
| 2.2.1. Sales documents shall include applicable sales taxes. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 2.2.2. Evidence for payment of sales taxes shall exist. | Yes  No  N/A |
| Findings: | |
| 2.2.3. Volumes, species and qualities given in sales and transport documents shall match the fees paid. | Yes  No  N/A |
| Findings: | |
| 2.2.4. Sales prices shall be in line with market prices. | Yes  No  N/A |
| Findings: | |
| 2.2.5. Harvested species, volume and qualities shall match the sales documents. | Yes  No  N/A |
| Findings: | |
| 2.2.6. Authorities shall confirm that the Organisation is up-to-date in payment of applicable sales taxes. | Yes  No  N/A |
| Specific Authority/ies: | |
| Findings: | |
| **3. Trade and Transport**  **General requirement:** The Organisation shall adhere to applicable regulations, procedures and restrictions relating to transport, trade, import or export. | |
| **3.1 Classification of species, quantities and qualities** | |
| 3.1.1. Products shall be correctly classified (species, quantities, qualities etc.) on sales documents, custom declarations and other legally required documents. | Yes  No  N/A |
| Findings: | |
| **3.2 Trade and transport** | |
| 3.2.1. Species and product types shall be legally traded. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 3.2.2. Required trade permits shall exist and be documented. | Yes  No  N/A |
| Findings: | |
| 3.2.3. All required transport documents shall exist and be documented. | Yes  No  N/A |
| Findings: | |
| 3.2.4. Volume, species and qualities shall be classified according to legal requirements. | Yes  No  N/A |
| Findings: | |
| 3.2.5. Documents related to transportation, trade or export shall be clearly linked to the specific material in question. | Yes  No  N/A |
| Findings: | |
| **3.3 Offshore trading and transfer pricing**  Note: When products are sold out of the country for prices that are significantly lower than market value and then sold to next link in the supply chain for market prices, it is usually a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company. | |
| 3.3.1. If illegal in the country of the supplier or sub-supplier, the products shall not have been traded through countries known as “tax havens”. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 3.3.2 There shall be no illegal manipulation in relation to transfer pricing. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **3.4 Customs regulations** | |
| 3.4.1. Products shall be correctly classified (type, Customs code, species, quantities, qualities, etc.) | Yes  No  N/A |
| Findings: | |
| 3.4.2. All required import and exports permits shall be in place. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **3.5 CITES** | |
| 3.5.1. All cross border-trade of CITES-listed species shall be documented and accompanied by required export, import and re-export certificates issued by competent authorities (CITES Management Authorities) | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |

# 

# G. Chain of Custody (CoC) at the Supplier

**(NC-STD-01 Preferred by Nature Generic CoC Standard)**

**This section contains an evaluation of the Chain of Custody system implemented by the audited Organisation to provide an assessment of the risk of mixing in the supply chains at the Organisation’s facilities.**

**NOTE: Findings relating to risk of mixing at operations *upstream* from the audited Organisation are presented in Section D of this report.**

### 

### Standard Checklist

**The following section summarises the Organisation’s compliance with Preferred by Nature Generic CoC Standard.**

**NOTE: *Claim category* means ‘the type and claim of the certification/verification scheme (including percentage of certified material if applicable) and/or the material or product characteristics being tracked within the CoC control system**.’

|  |  |
| --- | --- |
| **Standard Requirement** | **Conformance Assessment** |
| **1 General CoC requirements** | |
| 1.1 The Organisation shall define one person with overall responsibility for the CoC control system and individual persons responsible for each part of the CoC control system (purchasing, processing, storage, marking, record-keeping etc.). | Yes  No  N/A |
| Findings: | |
| 1.2 The Organisation shall develop and maintain documented procedures to ensure compliance with all applicable CoC requirements. | Yes  No  N/A |
| Findings: | |
| 1.3 The Organisation shall develop and implement procedures for addressing non-conformances identified by auditors.. | Yes  No  N/A |
| Findings: | |
| 1.4 The Organisation shall demonstrate awareness of, and competence in, implementing, the Organisation’s procedures relevant to fulfilling the requirements of this standard. | Yes  No  N/A |
| Findings: | |
| 1.5 The Organisation shall maintain records applicable to demonstrate compliance with this standard. | Yes  No  N/A |
| Findings: | |
| 1.6 The Organisation shall define and document the different products and claim categories that will be tracked within the CoC control system. | Yes  No  N/A |
| Findings: | |
| 1.7 The Organisation shall maintain data on the quantity of tracked product and ensure that it is available for auditors. The quantity information shall be maintained at minimum for each reporting period:   * purchased product, * product used in manufacture, * conversion factors, * sold product, * inputs and final products held in stock. | Yes  No  N/A |
| Findings: | |
| **2 Segregation** | |
| 2.1 The Organisation shall track and segregate products with separate claim categories throughout all processes, including purchasing and receiving, processing, storage and shipping, delivery and sale. | Yes  No  N/A |
| Findings: | |
| **3 Purchasing and receiving** | |
| 3.1 For each purchase/receipt of products tracked within the CoC control system, the Organisation shall identify and record at least the following information:  (a) supplier(s) identification,  (b) product(s) identification,  (c) quantity of delivery,  (d) date of delivery,  (e) claim category;  (f) the supplier’s Certification Code, as applicable | Yes  No  N/A |
| Findings: | |
| 3.2 The Organisation shall verify that product purchased and received is consistent with the claim category. | Yes  No  N/A |
| Findings: | |
| **4 Processing** | |
| 4.1 The Organisation shall use a tracking system or production records to document the manufacture of product for each claim category. | Yes  No  N/A |
| Findings: | |
| 4.2 The Organisation shall ensure that any off-site processing or handling that takes place at a contracted facility follows the same CoC procedures and is covered by a signed outsourcing agreement requiring compliance with the applicable requirements of this standard. | Yes  No  N/A |
| Findings: | |
| 4.3 All product that cannot be identified as belonging into one of the claim categories defined in 1.6 above, shall be kept separate from all other products until documented evidence of the claim category is obtained. | Yes  No  N/A |
| Findings: | |
| **5 Shipping and sales** | |
| 5.1 Organisation shall ensure claim information is provided on sales invoices and shipping documents, including the following:  5.2.1 Description of the product and the claim category;  5.2.2 Quantity of each product/claim category;  5.2.3 Preferred by Nature Generic Chain of Custody Certification Code (only applicable if Organisation is certified to NC-STD-01) | Yes  No  N/A |
| Findings: | |
| **6 Claims and public information** | |
| Tick if this section is not applicable. The Organisation is not certified to Preferred by Nature Generic Chain of Custody standard (NC-STD-01) | N/A |
| 6.1 All claims made by the Organisation shall be in conformance with Preferred by Nature requirements, as applicable. | Yes  No  N/A |
| Findings: | |
| 6.2 Organisation shall submit all claims to Preferred by Nature for review and approval prior to use. | Yes  No  N/A |
| Findings: | |

# H. Legal Compliance of the Supplier (forest-level)

**(LS-02 Preferred by Nature LegalSource Standard, Annex 1)**

This section shall be used to verify legal conformance when the Organisation is a Forest Management Enterprise (FME).

Where applicable, space is included within each section for the auditor to write the specific piece(s) of legislation and the legal authority before the onsite visit.

|  |  |
| --- | --- |
| Forest Management Enterprise (FME) Information | |
| FME jurisdiction: |  |
| Area under forest type | X hectares |
| * Natural | X hectares |
| * Plantation | X hectares |
| * Semi-natural, mixed plantation and mixed forest | X hectares |
| Total area of production forest (area where timber may be harvested, all forest types) | X hectares |
| Total area of FME | X hectares |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Scope of the Evaluation | | | |  |
| Type of Evaluation: | | | |  |
| All forest land owned or managed by the FME is included in the scope of this verification (see full list below). | | | |  |
| Some Forest Management Units (FMUs) under the management of the FME are excluded from the verification (see full list below). | | | |  |
| **FMU name** | **Location** | **Owner** | **Area (ha)** | **Total Area (ha)** |
| *FMUs Included in Verification* | | | |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| *FMUs Excluded from Verification* | | |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Explanation for exclusion (if applicable): |  | | | |

|  |  |
| --- | --- |
| Species Included in the Scope | |
| **Scientific Name** | **Common/ Trade Name** |
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| --- | --- |
| List of Approved Contractors (logging, haulage, transport, etc.) | |
| **Contractor Legal Name** | **Contractor Address** |
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### Standard Checklist

The following section summarises the Organisation’s compliance with Preferred by Nature LegalSource standard requirements (LS-02 Preferred by Nature LegalSource Standard, Annex 1)

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| --- | --- |
| **Standard Requirement** | **Conformance Assessment** |
| 1. **Legal rights to harvest**   **General requirement**: The legal status of the FME shall be clearly defined and its boundaries delineated. The legal right to operate has been legally obtained and includes legal right to operate and to harvest timber from within the defined FMU. | |
| * 1. **Land tenure and management rights**   **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. The Land registry shall confirm ownership and validity of property deed. | Yes  No  N/A |
| Specific legislation: | |
| Specific authority: | |
| Findings: | |
| * + 1. Tax authorities shall confirm valid tax registration. | Yes  No  N/A |
| Specific authority: | |
| Findings: | |
| * + 1. The business register shall confirm valid business licenses to operate within the jurisdiction. | Yes  No  N/A |
| Specific register: | |
| Findings: | |
| * + 1. In areas with land ownership conflicts, consultation with neighbours, local communities and others shall confirm that land tenure rights are clear. | Yes  No  N/A |
| Findings: | |
| * + 1. Stakeholder consultation shall confirm that registration of FME has been granted following legally prescribed processes. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Stakeholder consultation shall confirm that legal status of the operation or rights for conducting the established activities are not subject to court orders or other legally established decisions to cease operations. | Yes  No  N/A |
| Findings: | |
| * + 1. The management contract or other agreements with the owner shall indicate clear management rights. | Yes  No  N/A |
| Findings: | |
| * + 1. Valid business registration documents shall exist. | Yes  No  N/A |
| Findings: | |
| * + 1. The issuance of legal rights and registration shall have been subject to public disclosure prior to commencement of any activities within FMUs. | Yes  No  N/A |
| Findings: | |
| * + 1. Inspections of harvesting sites shall confirm that harvesting takes place within property limits (including felling, transport and log landings). | Yes  No  N/A |
| Findings: | |
| * 1. **Concession licenses**   **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Evidence that proper legal procedures shall be followed to obtain concession licenses. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. A valid concession license agreement shall exist. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. The process of obtaining concessions shall follow an open and transparent process based on clear criteria and be confined to eligible Organisations. | Yes  No  N/A |
| Findings: | |
| * + 1. Independent stakeholder consultation shall confirm that legal procedures have been followed to obtaining concession licenses. | Yes  No  N/A |
| Findings: | |
| **1.3 Management and harvesting planning**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Approved forest management plans shall exist for the FMU where the harvesting is taking place. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Forest management plans shall contain all legally required information and procedures. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Annual operating or harvesting plans shall be in place and approved by legally competent authorities. | Yes  No  N/A |
| Specific legislation: | |
| Specific authority: | |
| Findings: | |
| * + 1. Annual operating or harvesting plans shall contain information and procedures, according to all legal requirements. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. The contents of the operating and harvesting plans shall be consistent with approved forest management plans. | Yes  No  N/A |
| Findings: | |
| * + 1. If legally required, plans for carrying out harvesting operations shall be subject to public disclosure and objections prior to commencement. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. If legally required, harvesting restrictions shall be identified in management plans and maps. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Harvesting inventories shall have been conducted according to legal requirements. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Field verifications shall indicate that the requirements described in the management/harvesting plans are adhered to in the field. | Yes  No  N/A |
| Findings: | |
| * + 1. Stakeholder consultation shall indicate that the forest management plan has been approved according to legally prescribed process. | Yes  No  N/A |
| Findings: | |
| * + 1. The contents of the management plan shall be technically sound and consistent in meeting legal requirements. | Yes  No  N/A |
| Findings: | |
| **1.4 Harvesting permits**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Harvesting permits (license or similar legal document governing the harvesting of forest resources) shall exist. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Harvesting limits shall be clearly defined based on maps and quantities. | Yes  No  N/A |
| Findings: | |
| * + 1. Authorities shall confirm the validity of harvesting permit. | Yes  No  N/A |
| Specific authority: | |
| Findings: | |
| * + 1. Stakeholder consultation shall confirm that harvesting permit has been issued according to the relevant laws and regulations - by the legally designated Competent Authority. | Yes  No  N/A |
| Findings: | |
| * + 1. Field inspection shall confirm that harvesting takes place within limits given in the harvesting permit. | Yes  No  N/A |
| Findings: | |
| * + 1. Field inspection shall confirm that information regarding area, species, volumes and other details provided in the harvesting permit are correct and within limits prescribed in the legislation. | Yes  No  N/A |
| Findings: | |
| * + 1. Field inspection shall confirm that all harvesting restrictions given in the harvesting permit are observed such as buffer zones, protected trees, placement of logging trails etc. | Yes  No  N/A |
| Findings: | |
| **2. Taxes and Fees**  **General requirement:** The FME shall fulfil requirements in relation to all obligatory taxes, fees and/or royalty payments associated with maintaining the legal right to harvest and permitted harvesting volumes. | |
| **2.1 Payment of taxes, royalties and harvesting fees**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Evidence shall exist for payments of harvesting-related royalties, taxes, harvesting fees, area taxes and other charges. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Volumes, species and qualities given in sales and transport documents shall match the fees and royalties paid. | Yes  No  N/A |
| Findings: | |
| 2.1.3. Organisation shall be current with all applicable taxes and fees related to the maintenance of the right to harvest/manage the forest. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 2.1.4 Authorities shall confirm that operation has paid all applicable fees. | Yes  No  N/A |
| Specific authority: | |
| Findings: | |
| **2.2 Value added taxes and other sales taxes**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Sales documents shall include applicable sales taxes. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Evidence for payment sales taxes shall exist. | Yes  No  N/A |
| Findings: | |
| * + 1. Volumes, species and qualities given in sales and transport documents shall match the fees paid. | Yes  No  N/A |
| Findings: | |
| * + 1. Sales prices shall be in line with market prices. | Yes  No  N/A |
| Findings: | |
| * + 1. Harvested species, volume and qualities shall match the sales documents. | Yes  No  N/A |
| Findings: | |
| * + 1. Authorities shall confirm that operation is up-to-date in payment of applicable sales taxes. | Yes  No  N/A |
| Specific authority: | |
| Findings: | |
| **3. Timber harvesting activities**  **General requirement:** The FME shall operate in conformance with legal requirements relating to the harvesting and in-forest processing of forest products. Management plans and annual operating plans – as required by law – shall exist, contain accurate information and be adequately implemented. | |
| **3.1 Timber harvesting regulations**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Harvesting shall be conducted within the authorised boundaries of the FMU. | Yes  No  N/A |
| Findings: | |
| * + 1. Harvesting shall not take place in areas where harvesting is legally prohibited. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Tree species or selected trees found within the FMU for which felling is prohibited shall be listed in operational plans. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Harvesting restrictions shall be observed in the field. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Tree species or selected trees found within the FMU for which felling is prohibited shall be marked in the field. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Volumes harvested shall comply with legally approved levels. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **Forest management verifiers (relevant only to evaluation of FMEs)**   * + 1. Forest management activities shall be conducted in accordance with approved plans and legislation. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **3.2 Protected sites and species**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. If required by the legislation, all legally protected areas (including species habitats) shall be included in the management plan or related documentation. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Legally established procedures for surveying, managing and protecting endangered or threatened species within the management unit shall be followed. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Regulations relating to protected areas, set-aside areas, protected species and hunting shall be observed. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **3.3 Environmental requirements**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. If legally required, Environmental and/or Social Impact Assessments shall be in place and approved by the legally Competent Authority. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Requirements for environmental monitoring shall be observed. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Environmental restrictions shall be followed in the field, such as requirements related to soil damage, buffer zones, slope gradient limitations, retained trees, seasonal restrictions etc. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **Forest management verifiers (relevant only to evaluation of FMEs)**  3.3.4. Environmental requirements related to forest management and plantation establishment such as legal requirements for road construction, management of watercourses, use of fire, use of chemicals, fuel use and storage, limitations of conversion etc. shall be adhered to. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **3.4 Health and safety**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Occupational health and safety requirements shall be observed by all personal involved in forest management/harvesting activities. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Interviews with staff and contractors shall confirm that legally required protection equipment is required/provided by the Organisation. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Evidence of legally required training and certifications. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **3.5 Legal employment**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. If legally required, persons involved in forest management/harvesting activities shall be employed under a formal contract. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Persons involved in forest management/harvesting activities shall be covered by obligatory insurances. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Persons involved in forest management/harvesting activities shall hold required certificates of competency for the function(s) they carry out. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. At least the legally established minimum salaries shall be paid for personnel involved in forest management/harvesting activities. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Salaries shall be paid officially and declared by the employer according to requirements for personnel involved in forest management/harvesting activities. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 3.5.6. Minimum age shall be observed for all personnel involved in forest management/harvesting activities. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 3.5.7. Minimum age shall be observed for all personnel involved in hazardous work. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 3.5.8. Stakeholders shall confirm that forced or compulsory labour is not occurring in forest management/harvesting activities. | Yes  No  N/A |
| Findings: | |
| **4. Third parties’ rights**  **General requirement**: Legally recognised customary rights shall be taken into account in the management of forest resources. | |
| **4.1 Customary rights**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| 4.1.1. Stakeholder consultation shall confirm that customary rights are observed during forest management/harvesting activities. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **4.2 Free Prior and Informed Consent (FPIC)**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| 4.2.1. Stakeholder consultation shall confirm that legal requirements related to Free, Prior and Informed Consent were observed where third-parties’ rights have been relinquished to a third party. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **4.3 Indigenous and traditional people’s rights**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| 4.3.1 Stakeholder consultation shall confirm that indigenous/ traditional people’s established rights are not violated in relation to forest management/harvesting activities. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **5. Trade and Transport**  **General requirement:** The FME shall adhere to applicable transport, trade, import or export regulations, procedures and restrictions. | |
| **5.1 Classification of species, quantities, qualities**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Products shall be correctly classified (species, quantities, qualities etc.) on sales documents, Custom declarations and other legally required documents. | Yes  No  N/A |
| Findings: | |
| **5.2 Trade and transport**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Species and product types shall be legally traded. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Required trade permits shall exist and be documented. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. All required transport documents shall exist and be documented. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Volume, species and qualities shall be classified according to legal requirements. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. Documents related to transportation, trade or export shall be clearly linked to the specific material in question. | Yes  No  N/A |
| Findings: | |
| **5.3 Offshore trading and transfer pricing**  Note: When products are sold out of the country for prices significant lower than market value, and then sold at market prices to the next entity in the supply chain, it is usually a clear indicator of money laundering or tax evasion. Commonly, the products are not physically transferred to the trading company.  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. If illegal in the country of the supplier or sub-supplier, the products shall not have been traded through countries known as “tax havens”. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| * + 1. There shall be no illegal manipulation in relation to transfer pricing. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| **5.4 Custom regulations**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. Products shall be correctly classified (type, Customs code, species, quantities, qualities, etc.) | Yes  No  N/A |
| Findings: | |
| * + 1. All required import and exports permits shall be in place. | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |
| 5.4.3 Evidence of payment of custom fees/charges. | Yes  No  N/A |
| Findings: | |
| **5.5 CITES**  **Check if not applicable (no risks has been identified in this sub-section)** | |
| * + 1. All cross border-trade of CITES-listed species shall be documented and accompanied by required export, import and re-export certificates issued by Competent Authorities (CITES Management Authorities) | Yes  No  N/A |
| Specific legislation: | |
| Findings: | |

# Appendix 1: Overview of Products/ Supply Chains Evaluated

Where applicable, this section summarises the products/ supply chains reviewed by the auditor during the evaluation.

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| --- | --- | --- |
| **Supply Chain Number** | **Product Code/ Description** | **Comments** |
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# Appendix 2: Exhibit List

List only those evidences that have been collected and included in the exhibits file.

|  |  |
| --- | --- |
| **Exhibit** | **Item** |
| 1 |  |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |
| 7 |  |
| 8 |  |
| 9 |  |
| 10 |  |



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