



Responsible Sourcing Policy Guide

DD-02 Guide, Version 1.0



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About this tool



About this tool

This tool provides guidance on the topics that a responsible sourcing policy should cover and offers insights into how the policy could be structured.



Other relevant tools

Use the knowledge obtained in this guidance to create your own responsible sourcing policy using the **Responsible Sourcing Policy Template (DD-02a)**.

This document provides guidance to organisations seeking to develop a sourcing policy including commitments to legal and sustainable sourcing.

In our guidelines and templates, we have aligned legality and sustainability requirements with the Preferred by Nature's [Sustainability Framework](#). Integrating the criteria and indicators of the Sustainability Framework ensures coverage of key principles of sustainability, social responsibility and corporate integrity. Additionally, the Sustainability Framework can guide companies in aligning with regulatory requirements such as the [EU Deforestation Regulation](#) (EUDR).



You may wish to use the [Responsible Sourcing Policy Template \(DD-02a\)](#) and adapt it to your organisation's needs to ensure that environmental, social and legal aspects are covered and to help align with EUDR requirements.

1. Policy Development Best Practices

Having a responsible sourcing policy in place is an integral part of a robust due diligence system. It reflects an organisation's sustainability ambitions and goals and demonstrates its commitment to responsible sourcing. It also demonstrates that the organisation, its executive management team and all its employees are aware of, and aligned with, its sustainability ambitions.

Start your policy by stating the organisation's commitment to responsible sourcing and outlining that this goal is reflected in the organisational vision. Here, you might also wish to highlight reference frameworks, such as the Preferred by Nature Sustainability Framework or the [Accountability Framework Initiative Ethical Supply Chain Policy Guidance](#) to guide your policy.

Your policy should reflect your actual goals. For example, if your organisation aims to achieve legal compliance in supply chains, this should be the objective of the policy. If the goals extend to more sustainable practices, these should be clearly stated.

The policy must be written and endorsed at the executive level¹ and made publicly available, although this last point may differ according to the size and set-up of the organisation. Smaller organisations should, at a minimum, readily provide the policy upon request and communicate it to stakeholders and suppliers. If an organisation has a website, the commitment should be available and accessible on the website.

1.1 Comprehensive Scope

¹ "Executive level" refers to the highest level of authority in the organisation. This provides assurance that the commitment is representative of the whole organisation.

The scope of the policy should cover all elements of your organisation's operational activities, as well as all sourcing activities and relevant supply chains. Whether you are sourcing, processing or consuming agricultural or forest commodities, your organisation may be exposed to environmental or social risks.

As a result, you might want to try and identify areas of your operations where potential environmental risks or human rights violations could occur, including a materiality assessment to understand where the risks of highest concern are located. You can start by looking at the countries you source from and the commodities you source and identify if there are potential risks associated with them. You should clearly specify which commodities and products are included in the scope of your policy. You may also wish to clarify relevant sourcing origins and supply chains.



For organisations wishing to align with the EUDR, you may wish to define your role under the EUDR. This means clarifying whether you are an operator or trader and what your obligations are.

1.2 Clear Commitments and Goals

Once you have established the scope of your policy, adding further detail by establishing specific commitments or goals to address environmental, social and legal risks can help provide a clear outline of the policy. For example, these could include commitments against deforestation, forest degradation, conversion of natural ecosystems, respect for human rights or commitments to responsible business practices.

Best practice would dictate that your policy, at minimum, aligns with key regulatory requirements to which your organisation is impacted.

Additionally, it should heed internationally accepted norms, such as the [UN Guiding Principles on Business and Human Rights](#), [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#), [Accountability Framework Initiative](#), the [International Labour Organisation \(ILO\) Fundamental Conventions](#) and relevant environmental standards. It should be clear how the policy relates to these external references.

The policy should also list any existing organisational documents linked to the responsible sourcing policy, such as a supplier code of conduct, human rights policy or biodiversity policy.

Definitions

The policy should include definitions for key terms relevant to it (e.g., deforestation, forest degradation etc...). Clear definitions can be very important for ensuring the clarity of your policy, both internally and externally, for suppliers and other stakeholders.



For organisations wishing to align with the EUDR, you may wish to ensure that policy definitions align with the regulation to support coherence with its requirements. Even where policies go beyond the requirements of the EUDR, it should be clear that the definitions described cover those of the regulation.

1.3 Setting Smart Targets

You should also set specific targets for achieving your organisation's policy commitments. In this context, these should follow each element of the S.M.A.R.T. acronym, used to guide the setting of objectives.

The targets should be clear, specific and relevant to the overall goals, aligning with other relevant plans and priorities. The targets should be measurable, so including quantifiable measures of performance or compliance, as well as qualitative indicators of systems or practices enacted to meet targets. This allows for the tracking of progress and determining when targets have been achieved.

Targets should also be timebound – having a defined timeframe or deadline for completion – with intermediary targets put in place, where overall targets are longer-term in nature.

1.4 Stakeholder Engagement and Policy Review

Active and meaningful engagement with stakeholders, including local communities, suppliers, and industry partners, should be part of the policy development process. This ensures a diversity of perspectives and enhances the policy's relevance and effectiveness.

It is key also to make sure to involve suppliers and buyers in policy development. You should seek to raise the bar for all entities in the supply chain.



Stakeholder consultation should be part of the policy development process and could include consultation with both internal teams and external stakeholders, such as NGOs, academic organisations, investors, suppliers and customers.

Complaints Mechanism

Establish an accessible complaints mechanism for stakeholders to raise issues directly with your organisation that they feel are not aligned with your organisational policy. This should be broad enough to handle specific concerns raised about products, services, suppliers, or employee conduct. Complaints may be raised by customers, suppliers, employees or other stakeholders.

An accessible and transparent complaints mechanism should allow affected or concerned parties to raise issues and seek resolution. It should be easy to use, responsive, and respectful of anonymity when requested. It should also offer protection for whistleblowers, as well as ensure timely responses. It may also require tailoring to different stages of the supply chain and different stakeholder groups. Ensure these mechanisms are interconnected.

Regularly review and update these mechanisms to enhance their effectiveness.

Policy Review

It is important to ensure a regular review and adaptation of the policy, considering stakeholder feedback including complaints received, improving knowledge about your supply chain risks, as well as changes in international norms and legislation.

1.5 Implementation Mechanism

A responsible sourcing policy should include an implementation mechanism to demonstrate how the policy's commitments will be put into action. In essence, the inclusion of an implementation mechanism communicates that the policy is not just a statement of values but a functional program with defined procedures and accountability measures.

This mechanism not only demonstrates the organisation's commitment to ethical practices but also provides a structured approach to bring the policy to life along its supply chains. The implementation mechanism may refer to key components of your due diligence system, including information providing:

- An overview of your Due Diligence system

- Relevant aspects of your supplier and product information management, including the onboarding of potential suppliers and your expectations in relation to supply chain information.
- Your risk assessment approach
- How your organisation will manage risks, including the use of certification or other assurance systems, supplier verification auditing or other approaches.
- Commitments and planned activities in relation to supplier capacity building
- Other actions your organisation is engaged in, including collaborative initiatives with suppliers to improve their capabilities in meeting the responsible sourcing standards, joint improvement plans, technical support, or the development of guidance on best practices.
- Your plans for reporting on your due diligence system's performance

1.6 Transparent Reporting and Communication

Commit to transparent public reporting and communication about the progress your organisation makes towards its policy goals. This includes the regular disclosure of supply chain information, such as the countries and regions from which you are sourcing, as well as your conclusions on risk and the practices and actions implemented to mitigate those risks.



Use the **DDS Public Reporting Template (DD-18)** and adapt it to your organisation's needs to report on environmental, social and legal topics.

2. Committing to Responsible Management and Business Practices

Incorporating commitments to responsible management and business practices is an important part of creating transparency in relation to your sourcing policy.

2.1 Compliance with Applicable Legal Requirements

It is likely that most organisational sustainability policies, particularly those related to the responsible sourcing of products derived from agricultural or forest products, include aspects of sustainability in relation to environmental, social or human rights, and climate-related topics. You can use the Preferred by Nature [Sustainability Framework](#) as a reference to set clear goals.

However, your commitments to sourcing should also seek compliance with applicable legal requirements in the country of production or harvest. These could include a large spectrum of activities such as land use and management planning, lawful harvesting of products and commodities, adherence to fiscal responsibilities to ensure lawful payment of taxes and fees, or establishing safeguards against corruption, fraud or conflict of interest.

While legality is often the basis on which sustainability sits, explicitly including compliance with applicable legal requirements is important for several reasons. It provides a basis for external stakeholders to hold the organisation accountable for its actions, ensuring that legal compliance is continuously monitored and enforced. By stating its commitment to legal compliance, the organisation sets a clear foundation upon which higher sustainability standards can be built. It shows that the organisation recognises the importance of legal frameworks as the starting point for broader sustainability initiatives. It also highlights that the organisation not only seeks to meet legal requirements but also aspires to exceed them, aiming for best practices in sustainability.

Many international standards and sustainability frameworks, including third-party certification schemes, also include legal compliance as a baseline element of their systems. Explicitly including this therefore aligns the organisation's policy with these best practices and standards.



For organisations wishing to align with the EUDR, include your commitment to legal compliance with applicable regulations in the country of production in your sustainability policy. This will support coherence with the regulation's requirements. Ensure that your policy definition of legal compliance aligns with that of the EUDR², including the subcategories of law which fit within each main category of applicable legislation.

2.2 Responsible Business Practices

Within your sustainability policy, you should clarify the broad actions your organisation will take to ensure the achievement of the policy's aims. These enhance transparency, accountability, and strategic focus. They also provide clear guidance to employees, help prioritise resources, and establish measurable performance indicators. Furthermore, detailing actions builds credibility and trust among stakeholders, including customers, investors, and regulatory bodies, thereby enhancing the organisation's reputation and public perception.

Due Diligence Processes

Committing to the implementation of due diligence processes is a powerful approach to meeting regulatory requirements. It demonstrates a proactive approach to meeting regulatory requirements, as well as to ensuring that your organisation's policy is given the attention it is due.

Due diligence processes may be applied to manage the risks of deforestation, conversion of natural landscapes, or human rights abuses in your supply chains. These will include ongoing assessments and a strategy for engaging with and monitoring suppliers.



While not an explicit requirement of Operators (unlike other EU corporate due diligence laws), it is an expectation of the EUDR that policies form part of the overall due diligence processes to manage the risks of deforestation, forest degradation, and legally compliant production of relevant commodities³. To align with the EUDR, include mention of your due diligence system in your policy.

Supplier Engagement and Capacity Building

Ensure your organisational policy includes a commitment to engage with your suppliers, to communicate key aspects of your policy to them, and to clarify your conditions and expectations in relation to their conduct.

Your policy could also reflect that you will provide resources, training, and support, especially to those who need more assistance, like smallholder farmers, community-based organisations or Indigenous communities.

Certification Schemes and Engagement in other Initiatives

² EUDR reference: Art. 2(40) and subsequent interpretations and guidance

³ E.g. EUDR reference: Art. 11

Clarify your organisation's acceptance of certified materials and specify which schemes it values to meet the policy's elements. Include your engagement or collaborative efforts in multi-stakeholder or other initiatives.

3. Committing to Social Responsibility

Committing to social responsibility is an integral part of most responsible sourcing policies. This involves a dedication not only to ethical practices but also to the well-being of individuals and communities affected by business operations.

Key elements of your sourcing policy should likely include at least the following topics:

Human Rights: Ensure you commit to upholding human rights according to international and national laws and actively avoid any involvement in human rights violations or armed conflicts in your operations and activities.

Protection for Workers and Vulnerable Groups: This includes commitments to ensure the protection of workers' rights, focusing on issues such as child labour, forced labour, discriminatory behaviour by employers or in work settings, and workplace safety. Pay particular attention to the rights and needs of vulnerable and marginalised groups.

Fair Remuneration for Workers: Commit to the fair compensation of all workers, ensuring wages not only meet but exceed legal minimums, thus supporting a decent standard of living.

Respect for Indigenous Peoples and Local Communities: Your policy should reflect your organisation's recognition and respect for the rights of Indigenous Peoples and local communities. You should engage with them respectfully and ensure Free, Prior, and Informed Consent (FPIC) for any activities impacting their land or resources. Additionally, you should commit to engaging with local communities in a manner that is respectful, collaborative, and mutually beneficial, acknowledging and respecting legally established community rights.

Gender Equality: Support gender equality, to ensure equal opportunities and pay for equal work, alongside adequate provisions for maternity and paternity leave.

Referencing International Standards and Conventions

The social aspects of an organisation's sourcing policy should be grounded in international human rights standards and labour conventions. It is good practice to reference relevant Human Rights standards and international conventions, examples including but not limited to:

United Nations, Human Rights Declarations and International Labour Conventions

- [International Bill of Human Rights](#): Sets forth fundamental rights that protect and promote civil, political, economic, social, and cultural rights globally.
- [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#): Outlines the corporate responsibility to respect human rights, provides due diligence processes, and offer remedy mechanisms for affected individuals.
- [International Labour Organisation \(ILO\) Fundamental Conventions](#)
- [UN Sustainable Development Goals \(SDGs\)](#): In particular, SDGs 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities), and 12 (Responsible Consumption and Production) align with ethical sourcing practices.

Other Frameworks and Guidelines

- [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#): Offers comprehensive recommendations on responsible business conduct, particularly in the supply chain.

- [UN Guiding Principles on Business and Human Rights](#)

4. Committing to Environmental Responsibility

Similarly to the above - and given the global crises impacting our planet including climate change, the degradation of our natural resource capital and the mass extinction of species - committing to environmental responsibility is an integral part of most sourcing policies for forestry and agricultural commodities. Key elements of your sourcing policy should likely include at least some of the following topics:

Preventing Conversion and Avoid Degradation of Forests and Ecosystems: Commit to ensuring that your organisation's activities do not lead to deforestation or the conversion of natural ecosystems to agricultural land. This includes setting a cut-off date for deforestation within the supply chain and making commitments to restoration. For forest products, the degradation of primary forests and naturally regenerating forests implies a loss of the ecological, economic, social and spiritual values that sustain wildlife as well as the communities that depend on them over the long term.



For organisations wishing to align with the EUDR, ensure that policy definitions for deforestation and forest degradation align, at a minimum, with the regulation, in order to support coherence with the regulation's requirements. Even where policies go beyond the requirements of the EUDR, it should be clear that the definitions described cover those of the regulation.

Protecting Ecosystems and Biodiversity: Your policy should reflect your active work to identify, maintain, and enhance ecosystem and biodiversity values. Follow precautionary measures and guidance from recognised conservation networks, such as the High Conservation Value (HCV) Network and comply with all legal requirements related to biodiversity and endangered species protection.

Responsible Chemical Use and Avoiding Pollution and Waste: Commit to the responsible use of chemicals within your operations, prioritising human health and environmental protection. Furthermore, your commitments should reflect your proactive measures to reduce and responsibly manage waste generated from your activities, including production and processing, in line with legal waste management practices. Finally, you should consider implementing strategies to control and minimise pollution from production, processing, or any other organisational activities, ensuring compliance with environmental protection laws.

Conserving and Safeguarding Water Resources: When water use is necessary, commit to its responsible and efficient use, safeguarding water resources in accordance with legal requirements for the protection of water bodies.

Maintaining Soil Health: Healthy soils play a vital role in environmental sustainability. They act as a carbon sink, sequestering carbon dioxide from the atmosphere and helping mitigate climate change. Good soil management reduces erosion, prevents water contamination, and promotes biodiversity, contributing to overall ecosystem health. Pledge to maintain or improve the health of the soil, including its biodiversity and organic matter content, while managing and minimising any negative impacts.

Animal Welfare and Health: Ensuring animal welfare and health are not only ethically imperative but also contribute significantly to environmental sustainability, public health, and product quality. Animals that are well-cared for tend to be healthier, reducing the need for medical interventions and enhancing the efficiency of agricultural systems. By meeting legal requirements and providing proper nutrition, we reduce animal stress and promote natural behaviours. Continuous access to

fresh water and environments that allow free movement, along with preventative measures like vaccination and proper hygiene, minimise disease and antimicrobial resistance.

Safe enclosure, humane transportation, and handling by competent workers further ensure animal well-being. Commit to securing animal welfare and health to enhance overall sustainability and meet consumer expectations.

4.1 Committing to Climate Responsibility

Finally, your sustainable sourcing policy should include specific commitments to reducing and mitigating climate impact. Key elements of your sourcing policy should likely include at least the following topics:

Greenhouse Gas Emissions are Reduced: Your responsible sourcing policy should include measures to minimise greenhouse gas emissions by implementing practices tailored to your operation's scale and nature. Identify significant emission sources, considering management practices, land use change, livestock, energy, and material use. Source animal feed from non-deforestation areas and mitigate risks of indirect land use change that could lead to forest or ecosystem destruction. Employ industry best practices and the best available technology to reduce emissions, maintain or increase soil carbon levels, and comply with relevant national and international emission reduction regulations.

Climate Change Adaptation Efforts are Implemented Proportionate to the Risks: Include climate change adaptation efforts proportionate to the identified risks. Assess critical risks to your operations resulting from climate change and implement appropriate adaptation measures. Focus on high-risk areas, ensuring that actions are scaled to your operation's size and the anticipated social, economic, and environmental impacts. This approach ensures the sustainability and resilience of operations in the face of climate change.

Efforts are Taken for GHG Removal and Ecosystem Restoration as Appropriate: Consider opportunities for greenhouse gas removal and ecosystem restoration. Implement best business practices for greenhouse gas removals through effective land use, land management, and carbon stock practices to promote long-term positive climate regulation. If feasible, pursue ecosystem restoration efforts to regain ecological functionality and enhance human well-being, taking into account the changing environmental, social, and economic conditions of the area.



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