



Compliance with the SBP Framework: Public Summary Report

Preferred by Nature OÜ
Evaluation of Branch Of Phu Tai JSC - Binh
Dinh Stone Processing Factory

Main (Initial) Audit

Sustainable Biomass Program
sbp-cert.org





Completed in accordance with the CB Public Summary Report Template Version 2.1 and SBP Bridging Requirements for Meeting the Directive EU/2023/2413 (REDIII)

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

Version 2.0	Published 10 August 2023
Version 2.1	Published 21 May 2025

© Copyright Sustainable Biomass Program Limited 2025

Table of contents

1 Overview	3
2 Audit conclusions	4
2.1 Certification decision	4
2.2 Open non-conformities and observations	4
2.2 Closed non-conformities	5
2.3 Actions taken by Organisation Prior to Report Finalisation	5
2.4 Notes for the next Audit	5
3 Scope of the audit and SBP certificate	6
3.1 Description of the company	7
3.2 Site details	7
3.3 Detailed description of the Chain of Custody system and Product Groups	7
4 Specific objective of the audit	8
5 Evaluation process	9
5.1 Timing and duration of evaluation activities	9
5.2 Auditor team qualification	9
5.3 Description of evaluation activities	9
5.4 List of forest management units and feedstock suppliers visited	10
5.5 Describe audit sampling methodology used	15
5.6 CB stakeholder engagement	15
5.7 Stakeholder feedback and response	15
5.8 Main strengths and weaknesses of the management system and operations	15
5.9 Summary of evaluation activities for robustness of the Supply Base Evaluation	16
5.10 Summary of evaluation activities for Processing residues and/or Post-consumer feedstock requirements per Standard 2 and EU RED	16
5.11 Summary of evaluation activities for chain of custody system per Standard 4	16
5.12 Summary of evaluation activities for collection and communication of data per Standard 5	16
5.13 Summary of audit findings for competency of involved personnel	16
5.14 Summary of audit findings for GHG methodology per Standard 6 (if applicable)	17
6 Detailed evaluation of BP's Supply Base Evaluation (if applicable)	18
6.1 Overview of BP's risk assessments and mitigation measures including EU RED scope	18
6.2 CB evaluation of specified risk indicators and mitigation measures	18

1 Overview

Certification Body (CB) Name:	Preferred by Nature OÜ
Primary CB contact for SBP:	Pilar Gorria Serrano
Primary CB contact email:	pgorria@preferredbynature.org
Audit team leader:	Ai Pham Thi Ngoc
Audit team members:	Cu Van Ho
Name of the Company:	Branch Of Phu Tai JSC - Binh Dinh Stone Processing Factory
Company legal address:	Lot A3, A4, A5, A6 Cat Nhon Industrial Park, Xuan An Commune, 55325 Gia Lai province, Viet Nam
Company contact for SBP:	Nhi Nguyen Uyen
Company contact email:	uyennhiice@gmail.com
Company website:	
Date of installation:	
SBP Certificate Code:	SBP-13-99
Date of certificate issue:	16 Oct 2026
Date of certificate expiry:	15 Oct 2031
Audit closing meeting date:	07 Aug 2026
Audit cycle:	Main (Initial) Audit

2 Audit conclusions

2.1 Certification decision

Based on the auditor's recommendation and the Certification Body's technical review, the following certification decision is taken:

Certification decision:	Certification approved
Certification decision by (name of the person):	Mikhail Rai
Date of decision:	15 Oct 2026
Other comments:	N/A

2.2 Open non-conformities and observations

2.2 Closed non-conformities

2.3 Actions taken by Organisation Prior to Report Finalisation

N/A

2.4 Notes for the next Audit

N/A

3 Scope of the audit and SBP certificate

Scope item	Check all that apply to the Certificate scope
Primary activity	Biomass Producer
Secondary activity	
Approved Standards	SBP Standard 1: Feedstock Compliance v2.0; SBP Standard 2: Feedstock Verification v2.0; SBP Standard 4: Chain of Custody v2.0; SBP Standard 5: Collection and Communication of Data v2.0; Instruction Document Japan: Bridging Requirements for meeting Japanese sustainability, legality and GHG saving requirements v1.2; Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413 v2.0; Instruction Document 5E: Collection and Communication of Energy and Carbon data. v2.1
Product Group IDs	☒ Forest feedstock (1A) ☐ Trees outside forest (TOF) - Urban and landscape feedstock (2A) ☐ Trees outside forest (TOF) - Agricultural land feedstock (3A) ☒ Processing residues feedstock (4A) ☐ Post-consumer feedstock (5A) ☐ Other (please specify)
SBP Feedstock types	☒ SBP Compliant; ☒ SBP Controlled
Includes Supply Base Evaluation (SBE)	Yes
Includes EU RED Scheme	Yes
Includes EU RED Supply Base Evaluation (SBE)	Yes
Products	WB 1.1 Wood pellets
Feedstock origin (countries):	Viet Nam
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
Chain of custody system	☐ Physical separation ☒ Mass balance
Outsourcing	No
Changes in the scope	N/A

3.1 Description of the company

Guidance: Please describe the type, structure and operations of the company including its role in the supply chain, its inputs and outputs as they related to SBP Standards.

Established in March 2016, the company has been operating in the stone processing industry and expanded into wood pellet production in June 2025. The main office and the pellet plant is located in Gia Lai Province of Vietnam. The company holds a valid FSC CoC certificate SGSHK-COC- 370846.

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
Branch Of PTJSC - BD Stone Processing Factory	Lot A3, A4, A5, A6 Cat Nhon Industrial Park, Xuan An Commune, Gia Lai Province, 55325 Vietnam	Biomass Producer	☒

3.3 Detailed description of the Chain of Custody system and Product Groups

Guidance: Please describe the operation of the CoC system including details of the mass balance management and a list of established Product Groups.

Branch Of Phu Tai JSC - Binh Dinh Stone Processing Factory specializes at producing wood pellets in Vietnam. The BP sources the feedstocks as follows: 1. Primary feedstock: logs is purchased and delivered directly from the plantation of small forest owners in Gia Lai province. The source of raw materials for producing wood pellets are Acacia and Eucalyptus. 2. Processing residues: collectively get from three factory with Acacia harvested from Gia Lai province within our identified supply base. A detailed description of the procurement area is included in the Supply Base Report and Risk Assessment (RA) is available upon request. To ensure traceability and material accounting, the Organization applies a Mass Balance system. Non-SBP-certified material may also be purchased, and in such cases, physical separation and control measures are applied throughout all stages of production and storage. The Organization has implemented the SBP EU RED Framework and applies requirements in accordance with the REDIII Directive. A Level B risk assessment is conducted based on the SBP REDIII Level A Risk Assessment for Vietnam Forest v1.0 Draft. Identified risks are addressed through defined control measures and ongoing monitoring. Pellets are transported by truck to Qui Nhon port, loaded directly onto vessels under FOB Incoterms.

4 Specific objective of the audit

The specific objective of this evaluation was to confirm that the Biomass Producer's management system can ensure that all requirements of the specified SBP Standards Version 2.0, as well as the EU RED, Japan ID are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of CoC system critical control points and DDS;
- Interviews with responsible staff;
- Review of the records and calculations;
- Primary energy and carbon data collection evaluation.
- Evaluate SBVs, RMMs (using SBP-RED-AS-VN-FOR_v1.0-REDIII-Level-A-for-Vietnam-FOR_Draft)

5 Evaluation process

5.1 Timing and duration of evaluation activities

Audit Level of Effort (LoE)		
Activity	Auditors	Auditor hours
2. On-site (excl. travel time)	Ho Van Cu	24.0
3. Report writing	Ho Van Cu	4.0
1. Preparation	Pham Thi Ngoc Ai	4.0
2. On-site (excl. travel time)	Pham Thi Ngoc Ai	8.0
3. Report writing	Pham Thi Ngoc Ai	8.0
4. Other	Pham Thi Ngoc Ai	4.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	Role	Qualification
Ho Van Cu (HVC)	Audit Team Member	Cu started to work with Preferred by Nature in August 2019. He has 24 years of experience in the forestry sector in Vietnam and has acted as an FSC FM/CoC auditor in many countries including Vietnam, Laos, Cambodia, Thailand, Malaysia, Indonesia and China. He holds a PhD in Forestry and – before joining Preferred by Nature – worked as a Lecturer at University of Agriculture and Forestry, Ho Chi Minh city, Vietnam.
Pham Thi Ngoc Ai (Ai)	Audit team leader	Ai holds a Master of Arts in Development Economics and Bachelor's degree of Engineer Petrochemical and Organic Technology. Ai has qualified as the auditor for FSC CoC, SBP and has years of experience in wood pellet industry.

5.3 Description of evaluation activities

The audit was conducted on-site on 30-31 July 2026 & 07 August 2026. It was focused on management system evaluation: a division of the responsibilities, record keeping, input material classification (reception and registration), analysis of the existing certification management systems and CoC critical control points, energy and carbon data collection, and communication.

During the opening meeting on 30 July 2026, the audit team was introduced, the certification scope was clarified, information about the audit plan, methodology, auditor qualification, confidentiality issues, assessment methodology, and other applicable Preferred by Nature policies and procedures was provided.

On 30 July & 07 August 2026, during interviews and documentation review, all applicable requirements of the SBP and CoC standards were evaluated. During the process, the person overall responsible for the SBP system and other responsible staff were interviewed. The pellet mill facilities were visited, and observations, as well as additional interviews and document verifications, were made. SAR, Japan ID and EU RED were also verified. On 31 July 2026 & 07 August 2026, suppliers of processing feedstock and suppliers of primary feedstock (small forest owners) were visited and stakeholder consultation conducted to:

- Evaluation of compliance of feedstock with the supply base (Standard 1) and declared characteristics,
- Evaluation of compliance with the EU RED Level B Management system.
- During supplier evaluation, the implementation of control measures by BP within the CoC system was evaluated.

On 07 August 2026, at the end of the audit, the findings were summarized, and preliminary audit conclusions based on the use of triangle evaluation method were provided to the BP's management and SBP responsible person.

5.4 List of forest management units and feedstock suppliers visited

☐ N/A – No forest sites or suppliers visited during this evaluation

Site name
MU ID: 01
Site location
Gia Lai Province
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
SBP SBE and EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation.

Site name
MU ID: 02
Site location
Gia Lai Province
Site description
Eucalyptus plantation, Post harvested site
Rationale and focus of visit
SBP SBE and EU RED
Description of audit activity

Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name
MU ID: 03
Site location
Gia Lai Province
Site description
Eucalyptus plantation, Post harvested site
Rationale and focus of visit
SBP SBE and EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name
MU ID: 04
Site location
Gia Lai Province
Site description
Eucalyptus plantation, Post harvested site
Rationale and focus of visit
SBP SBE and EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name
MU ID: 05
Site location
Gia Lai Province
Site description
Eucalyptus plantation, Post harvested site
Rationale and focus of visit
SBP SBE and EU RED

Description of audit activity

Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name

MU ID: 06

Site location

Gia Lai Province

Site description

Eucalyptus plantation, Post harvested site

Rationale and focus of visit

SBP SBE and EU RED

Description of audit activity

Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name

MU ID: 07

Site location

Gia Lai Province

Site description

Eucalyptus plantation, Post harvested site

Rationale and focus of visit

SBP SBE and EU RED

Description of audit activity

Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name

MU ID: 08

Site location

Gia Lai Province

Site description

Acacia plantation, Post harvested site

Rationale and focus of visit

SBP SBE and EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name
MU ID: 09
Site location
Gia Lai Province
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
SBP SBE and EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name
PR1
Site location
Gia Lai Province
Site description
Furniture factory
Rationale and focus of visit
Trace the origin of input materials, and verify the conversion rate from round logs to sawn timber and the volume of waste material.
Description of audit activity
The BP purchases processing residue from the supplier that supply the same product: shavings. The supplier was chosen to be verified on-site as it represents the one of most common type of suppliers of the Organization. The Organization applies visual inspection upon receipt and also conducts onsite check to the suppliers. During the supplier audit the facilities were visited and responsible staff was interviewed to evaluate the production process and to determine the feedstock matches the declared types. It was observed that the feedstock is stored separately at the supplier wood yards. Additionally, sample records of deliveries were verified to identify the possible supply base and to confirm it is within the declared ones. As a part of purchasing contracts, the self-declaration signed by the supplier. After the visit the Organization provided completed audit checklists. Evaluation carried out by the Organization and approaches implemented are considered sufficient to admit the feedstock as secondary and tertiary. Primary feedstock and its origin were also evaluated. The system of loading and document management allow to segregate the volumes of each type of feedstock.

Site name
PR2
Site location
Gia Lai Province
Site description
Furniture factory
Rationale and focus of visit
Trace the origin of input materials, and verify the conversion rate from round logs to sawn timber and the volume of waste material.
Description of audit activity
The BP purchases processing residue from the supplier that supply the same product: shavings. The supplier was chosen to be verified on-site as it represents the one of most common type of suppliers of the Organization. The Organization applies visual inspection upon receipt and also conducts onsite check to the suppliers. During the supplier audit the facilities were visited and responsible staff was interviewed to evaluate the production process and to determine the feedstock matches the declared types. It was observed that the feedstock is stored separately at the supplier wood yards. Additionally, sample records of deliveries were verified to identify the possible supply base and to confirm it is within the declared ones. As a part of purchasing contracts, the self-declaration signed by the supplier. After the visit the Organization provided completed audit checklists. Evaluation carried out by the Organization and approaches implemented are considered sufficient to admit the feedstock as secondary and tertiary. Primary feedstock and its origin were also evaluated. The system of loading and document management allow to segregate the volumes of each type of feedstock.

Site name
MU ID : 10
Site location
Gia Lai Province
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
SBP SBE and EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

Site name
MU ID: 11
Site location
Gia Lai Province
Site description
Acacia plantation, Post harvested site

Rationale and focus of visit

SBP SBE and EU RED

Description of audit activity

Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation

5.5 Describe audit sampling methodology used

When preparing for the assessment and during on-site work, a sampling has been implemented, based on the following criteria: - full review of procedures; - full review of training records; - sample review of information related to suppliers; - a review of SAR, SBR, Master datasheet, invoices; - interviews with staff to evaluate the theoretical and practical experience of implementation. - reviewing the SBR, RA, SBVs, RMMs, and samples, which were focused on specified risks and management system implementation issues. Onsite evaluation for primary feedstocks: - Formula applied was $0.8 \times \sqrt{117} = 9$ FMUs. Additional FMUs were selected due to logistics and to ensure a representative sample was observed, - The auditor selected 9 FMUs, representing 117 different smallholders, for visits to evaluate traceability. - The risk identified for the provinces within Vietnam is homogeneity. Onsite evaluation for processing residues feedstock: - Formula applied was $\sqrt{03} = 02$ processing residues suppliers. - The auditor randomly selected 02 processing residues suppliers for a visit and two FMUs of the suppliers who sold primary feedstocks to processing residues suppliers. Those sites were selected for logistical reasons and to ensure a representative sample. The risk identified for the provinces within Vietnam is homogeneity.

5.6 CB stakeholder engagement

☐ N/A – Certification Body stakeholder consultation not applicable for this evaluation

Guidance: Please specify the number and types of stakeholders engaged, method of engagement and its outcomes.

During the audit, the auditor also conducted in person interview with forest owners, forest ranger, harvesters, People's Committee at commune and

5.7 Stakeholder feedback and response

☐ N/A – Certification Body stakeholder consultation not applicable for this evaluation

The results of the interviews showed that:

- The households in the area were granted land use right certificates
- The land area was planned and used for production of forest plantations
- There has been no conversion from natural forest to plantation forest since 2008
- Forest fires occurred on a small scale and were promptly handled
- There were no serious erosion or landslides recorded in the area

There were no negative comments or concern raised by the stakeholders received before, during and after the assessment

5.8 Main strengths and weaknesses of the management system and operations

- Small number of management staff and clearly designated procedures
- OHAS in place
- Robust recordkeeping system, ensuring transparency

- Experienced and dedicated staff, well planned.

5.9 Summary of evaluation activities for robustness of the Supply Base Evaluation

☐ N/A – Standard 1 not in the scope of the evaluation

- BP's SBE is based on SBP-RRR-AS-VN-FOR_v1.0-RRR-for-Vietnam-FOR_Interim. The risk assessment concluded with 15 specified risk indicators for small forest owners with for all types of plantation. BP referred to SBVs and established adequate RMMs for each indicator to reduce risk to a low level.
- The BP only used feedstock from small forest owners (Acacia, Eucalyptus), there are only 13 specified risk indicators.
- Applicable Vietnamese laws were referred to, such as Forestry Law No. 16/2017/QH14, Land Law No.31/2024/QH15, Labor Code No. 45/2019/QH14, Decree 156/2018/ND-CP, Circular 13/2023/TT-BNNPTNT, etc.
- Stakeholders were identified for the relevant specified risk indicators within BP's SEP.

5.10 Summary of evaluation activities for Processing residues and/or Post-consumer feedstock requirements per Standard 2 and EU RED

- The Organization maintains a structured system for supplier verification and monitoring. Supplier inspections, document reviews, and cross-checks with the local authorities are applied consistently. Records of weight, moisture, and quality are maintained for each delivery, with verification against invoices and mass balance documentation.
- Supplier audits are conducted annually, and signed statements of understanding formalize sustainability obligations. During the assessment, inspection records, audit documentation, and supplier files were reviewed.
- Visits to suppliers of processing residues confirmed that controls are implemented in practice and that feedstock characteristics are correctly classified and recorded at receipt.
- The system was found to function effectively, and no gaps were identified during the assessment.

5.11 Summary of evaluation activities for chain of custody system per Standard 4

BP implemented two mass balance module that tracks input feedstock data and output biomass, ensuring they are equivalent. Positive balances are being carried forward to the next reporting period. Clear procedures covering requirements version 2.0 in the SBP handbook, training records, internal records, purchase invoices, and the annual volume summary are kept and matched; business integrity is documented; the RED commitment is signed by Senior management; and no subcontracting activity is allowed. SEP is established and implemented

5.12 Summary of evaluation activities for collection and communication of data per Standard 5

The Organization compiles data on energy use, feedstocks, and transport through contributions from different departments, which are consolidated and summarized in the SAR by the responsible persons. Most values are based on actual data. In addition, certain average values were derived from sample measurements. The estimations and averages were supported by documented justification and aligned with operational records. The data set was found to be consistent and adequate to ensure reliable reporting in accordance with ID 5E.

5.13 Summary of audit findings for competency of involved personnel

The Organization compiles data on energy use, feedstocks, and transport through contributions from different departments, which are consolidated and summarized in the SAR by the responsible persons. Most values are based on actual data. In addition, certain average values were derived from sample measurements. The estimations and averages were supported by documented justification and aligned with operational records. The

data set was found to be consistent and adequate to ensure reliable reporting in accordance with ID 5E.

5.14 Summary of audit findings for GHG methodology per Standard 6 (if applicable)

☒ N/A – Standard 6 not in the scope

6 Detailed evaluation of BP's Supply Base Evaluation (if applicable)

☐ N/A – Supply Base Evaluation not in the scope of the evaluation

6.1 Overview of BP's risk assessments and mitigation measures including EU RED scope

BP's SBE is based on SBP-RRR-AS-VN-FOR_v1.0-RRR-for-Vietnam-FOR_Interim. The risk assessment concluded with 15 for small forest owners. BP referred to SBVs and established adequate RMMs for each indicator to reduce risk to a low level.

- The BP only used feedstock from small forest owners (Acacia, Eucalyptus), there are only 13 specified risk indicators.

Applicable Vietnamese laws were referred to, such as Forestry Law No. 16/2017/QH14, Land Law No. 31/2024/QH15, Labor Code No. 45/2019/QH14, Decree 156/2018/ND-CP, Circular 13/2023/TT-BNNPTNT, etc. Stakeholders were identified for the relevant specified risk indicator within BP's SEP.

A management system is implemented for all indicators under EU RED at Level B. Legality issues are addressed by reviewing land use rights, land disputes, location, boundaries, and forest product inventories. Soil quality and biodiversity are ensured through a number of measures, starting with training and instructions to forest owners and monitoring of harvesting activities. Conversion issues are also evaluated through stakeholder consultation, land-use rights documents, forest maps, etc. See details under SBR.

6.2 CB evaluation of specified risk indicators and mitigation measures

Country
Viet Nam
Area/Sub-Scope
Gia Lai Province
Indicator
1.1.1 Operations related to feedstock sourcing and biomass production shall comply with all existing applicable laws and regulations.
Specified risk description
Vietnam has adequate legal regulations covering all supply base and biomass production activities. However, the implementation of legal rules for some aspects is still inadequate (based on the analysis in the relevant indicator), so this indicator is considered a risk identified for all 03 sub-scopes. Specific risks are detailed in the following indicators.
Detailed description of a mitigation measure
<ul style="list-style-type: none"> • Check the Land Use Rights Certificate. • Obtain a confirmation document from the commune authorities. • Determine GPS coordinates (using a handheld device). • Packing List (Form No. 01) in accordance with Circular 26/2025/TT-BNNMT • Consult the village head and neighboring households regarding potential disputes.

Detailed description of CB evaluation of mitigation measure and its conclusions

1. The auditor analyzed a sample of entries received in the reporting period from primary feedstock, including Packing lists (bang ke lam san in Vietnamese), purchase documents, delivery notes, and invoices, and origin information in compliance with all existing applicable laws and regulations.
2. Field visits were conducted to verify at post-harvesting sites.
3. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country

Viet Nam

Area/Sub-Scope

Gia Lai Province

Indicator

1.1.2 Legal ownership of land and resource use rights shall be respected.

Specified risk description

The supply of timber raw materials in Vietnam is mainly from production forests, of which the majority of production forests have been allocated to households for management. However, with a large number of small forest owners (>1 million), the issuance of land use right certificates has yet to be fully implemented, so this indicator is considered a definite risk for small forest owners.

Detailed description of a mitigation measure

- Collect Landuse Right Certificate
- Onsite visit and verify by GPS
- Engage with stakeholders

Detailed description of CB evaluation of mitigation measure and its conclusions

1. The auditor analyzed a sample of entries received in the reporting period from primary feedstock included Packing list (bang ke lam san in Vietnamese) purchase documents, delivery notes invoices, origin information in comply with all existing applicable laws and regulations, copy of Land Use Rights Certificated (LURC) of suppliers (small forest owner)
2. Field visits were conducted to verify onsite and consultation with local authority and forest protection dept (FPD)
3. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country

Viet Nam

Area/Sub-Scope

Gia Lai Province

Indicator
1.1.3 Feedstock shall be legally harvested, supplied and produced, including in compliance with CITES, EUTR and other applicable legal trade requirements.
Specified risk description
The primary feedstock in Vietnam is mainly sourced from planted production forests. The main species used for forest plantations include Acacia, Eucalyptus and Rubber, which are in the list of major forestry species (Circular 22/2021/TT-BNNPTNT dated 29/09/2021) and not listed under CITES. Harvesting permits are required for state-owned forest owners but not for households and individuals, while forest product inventory is mandatory for all forest owners. In practice, state-owned organizations fully comply with the requirements for approving harvesting plans and forest product inventory. Smallholders mainly sell standing trees to intermediaries or traders. Therefore, filling in the forest product inventory is delegated or assigned to intermediaries or traders. Intermediaries or traders are not allowed to fill in the forest product inventory, which does not comply with current laws (Circular 26/2022/TT-BNNPTNT and Circular 22/2023/TT-BNNPTNT). In addition, the implementation and control of forest inventory for private forest owners has yet to be fully implemented. Therefore, specific risks are identified for feedstock originating from small forest owners and private organizations related to the requirement of forest inventory
Detailed description of a mitigation measure
<ul style="list-style-type: none"> • Our company sources Acacia and Eucalyptus exclusively from plantations managed by households. Neither of these species is listed under CITES. • Prior to procurement, we use GPS to pinpoint locations and consult with stakeholders to verify the plantation areas, ensuring no conversion of natural forest to plantations has occurred since 2008. We therefore comply with the EUTR.
Detailed description of CB evaluation of mitigation measure and its conclusions
<ol style="list-style-type: none"> 1. Field visits were conducted to verify onsite and consultation with local authority and forest protection dept (FPD) to confirm that the BP legally harvested, supplied and produced, including in compliance with CITES, EUTR and other applicable legal trade requirements 2. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
Gia Lai Province
Indicator
2.2.1 Feedstock shall not be sourced from land that had one of the following statuses in January 2008 and no longer has that status due to land conversion: a. Forests b. Wetlands c. Peatlands d. Highly biodiverse grasslands.
Specified risk description

They are found in many parts of Vietnam, but occur mainly in the Lower Mekong Delta (in the U Minh area being located in Ca Mau and Kien Giang provinces) and are estimated to cover about 24,000ha. A large area of peatlands here has been designated as protected areas as the U Minh Thuong and U Minh Ha National Parks and according to APMI - a regional framework in South Asia that in the Daklak, Hue, Da Nang, Lam Dong, Ho Chi Minh, Dong Nai areas, no significant peatlands or wetlands were identified, and no relevant scientific data was available for review (referenced: Interactive Map | People for Peat). It was also verified that forests in these areas have been allocated by authorities to smallholders for self-management and maintained as production forests (plantations), with assignment timelines varying among stakeholders

Detailed description of a mitigation measure

- Check if the Red Book was issued before 2008, in this case check the purpose of the land
- Check if there is a drainage system available. If no drainage system in place, there was no conversion from wetland and peatland into plantation.
- Consult relevant stakeholders (discuss with the owner, neighbors or forest inspectors) if relevant forest was a primary forest before January 2008.
- Soil map or forest map from before and after 2008 (is available)
- Conducted a before-harvesting plot survey; interviewed component authority land owners in all sources.
- Check Peatlands in Vietnam – ASEAN Haze Portal

Detailed description of CB evaluation of mitigation measure and its conclusions

1. No GIS database is available, but during the interview with the local authority, they confirmed to the auditor that the area has been allocated for plantation since 2000, and mitigation is accepted
2. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country

Viet Nam

Area/Sub-Scope

Gia Lai Province

Indicator

2.2.3 Soil quality in the Supply Base shall be maintained or enhanced

Specified risk description

RRA mentioned intensive afforestation can degrade soil through chemical use (fertilizers, pesticides) and short cycles. Circular 13/2023/TT-BNNPTNT introduces sustainable forest management principles, including environmental impact assessments and mitigation plans, but only mandates these for organizational forest owners. Practices like burning residues negatively impact soil microorganisms and increase erosion risks on sloping land. 75% of Vietnam's mountainous land (~25 million ha) has steep slopes prone to erosion, losing up to 2 billion tons of soil annually. Forest restoration has helped reduce erosion and soil leaching risks. Refer SBP-

RRA-AS-VN-FOR v1.0 Result: Specified risk for the private organization/small forest owner
Detailed description of a mitigation measure
<ul style="list-style-type: none"> Onsite evaluation Stakeholder consultation
Detailed description of CB evaluation of mitigation measure and its conclusions
<p>1. By conducting on-site visits and consultation with the local authority and forest protection dept (FPD) and direct interviews with farmers about soil quality management, the auditor advised that the farmer apply the technique of maintenance and actively enhance soil quality by:</p> <ul style="list-style-type: none"> Implement conservation tillage and cover cropping Use integrated nutrient management (organic + inorganic) Avoid practices that lead to erosion. <p>2. Mitigation found sufficient to ensure that the feedstock is received as low risk</p>

Country
Viet Nam
Area/Sub-Scope
Gia Lai Province
Indicator
2.2.4 Where the removal of harvest forest residues and/or stumps occurs, this shall not lead to irreversible negative impacts to the ecosystem.
Specified risk description
<p>RRA mentioned every year, Vietnam exploits nearly 300 thousand hectares of plantation forests and tens of thousands of hectares of rubber forests. Burning organic materials after exploitation is still commonly applied in forest plantations. For rubber, digging up tree stumps to clear the site for reforestation is also common (usually only used for rubber). Although the criteria for QLRBV in Circular 13/2023/TT-BNNPTNT dated November 30, 2023, also require forest owners to assess the positive and negative impacts that may occur on the environment of all forestry activities and have a plan and implement measures to prevent and minimize adverse effects on the environment before carrying out forestry activities. (Principle 5, Appendix 1). However, applying this circular is only mandatory for forest owners who are organizations. Refer SBP-RRA-AS-VN-FOR v1.0 Result: Specified risk for The private organization and Small forest owner</p>
Detailed description of a mitigation measure
<ul style="list-style-type: none"> Check Records about location and area of planted forest Check Evidence related to forest owners replant immediately after harvesting Check Evidence of site verification related to the ecological area or water

- bodies
- Consultation
- Expert's opinions

Detailed description of CB evaluation of mitigation measure and its conclusions

1. By conducting on-site visits and consultation with the local authority and the forest protection dept (FPD) and direct interviews with farmers about negative impacts to the ecosystem, the auditor advises that the farmer apply the technique of maintenance and actively enhance soil quality by:

- Implement conservation tillage and cover cropping
- Use integrated nutrient management (organic + inorganic)
- Avoid practices that lead to erosion.

2. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country

Viet Nam

Area/Sub-Scope

Gia Lai Province

Indicator

2.2.5 Quality and quantity of ground water, surface water and water downstream shall be maintained or enhanced.

Specified risk description

RRA mentioned Every year, Vietnam exploits nearly 300 thousand hectares of plantation forests and tens of thousands of hectares of rubber forests. Burning organic materials after exploitation is still commonly applied in forest plantations. For rubber, digging up tree stumps to clear the site for reforestation is also common (usually only used for rubber). Although the criteria for QLRBV in Circular 13/2023/TT-BNNPTNT dated November 30, 2023, also require forest owners to assess the positive and negative impacts that may occur on the environment of all forestry activities and have a plan and implement measures to prevent and minimize adverse effects on the environment before carrying out forestry activities. (Principle 5, Appendix 1). However, applying this circular is only mandatory for forest owners who are organizations. Refer SBP-RRA-AS-VN-FOR v1.0

Result: Specified risk for small forest owners

Detailed description of a mitigation measure

- On-site verification
- Stakeholder consultation.

Detailed description of CB evaluation of mitigation measure and its conclusions

1. By conduct on-site visits and consultation with local authority and forest protection

dept (FPD) and direct interview farmer about quality and quantity of ground water, surface water and water downstream shall be maintained or enhanced, the auditor recognized:

2. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
Gia Lai Province
Indicator
2.2.11 The impacts of natural processes such as fires, pests and diseases shall be managed.
Specified risk description
Referred SBP-RRA-AS-VN-FOR v1.0, Forest fire and pest management in the forestry sector is implemented by the 2017 Forestry Law and related legal regulations. Vietnam's online forest fire monitoring system (referred to as FireWatch Vietnam) has also been established, which is an automatic system for early detection of fire spots (hotspots) throughout Vietnam from MODIS and AVHRR image data on TERRA, AQUA satellites and NOAA satellites regularly collected at the TeraScan receiving station located at the Forest Protection Department. Refer SBP-RRA-AS-VN-FOR v1.0 Result: Specified risk for The private organization/Small forest owner
Detailed description of a mitigation measure
<ul style="list-style-type: none"> - On-site verification - Check evidence of the regulations on environmental protection in harvesting will take into account the contract when the Company purchases its timber - Consultation record, includes: <ul style="list-style-type: none"> • The list of stakeholders includes all stakeholder groups • Evidence of consultation by direct interviewing / meeting • Result of consultation with stakeholders • Evidence of responding to all local authorities stakeholders
Detailed description of CB evaluation of mitigation measure and its conclusions
<p>1. On-site visit and stakeholder consultation with local communities and authorities to confirm that fires, pests, and diseases at plantations are professionally managed by small forest owners with strong final support from the local authority and BP</p> <p>2. Mitigation found sufficient to ensure that the feedstock is received as low risk</p>

Country
Viet Nam
Area/Sub-Scope

Gia Lai Province
Indicator
4.1.8 Training shall be provided for all workers to allow them to implement the conditions set out in all elements of the SBP Standards relevant to their responsibilities.
Specified risk description
Referred SBP-RRA-AS-VN-FOR v1.0 Regarding employee labor safety training, training on occupational safety and hygiene is a mandatory requirement that businesses must comply with regulations based on the provisions of the Law on Occupational Safety and Hygiene and the amended Decree No. 44/2016/ND-CP dated May 15, 2016, of the Government. Regarding training activities for workers in the forestry industry, Vietnam has approved the Vietnam forestry development strategy for the period 2021 - 2030, with a vision to 2050. Objectives of the forestry development strategy that is (1) The proportion of workers working in forestry receiving vocational training will reach 45% by 2025 and 50% by 2030; (2) Improve the quality of human resource training in the forestry industry, focusing on training high-quality human resources to serve the industrialization and modernization of the forestry industry; Prioritize training of highly qualified human resources; (3) Improve the quality of professional, effective and efficient forestry management staff; vocational training in forest product processing and forest care, protection and use, non-timber forest product development and agroforestry; (4) Encourage and create favorable environments and conditions for businesses and training organizations to cooperate and support in training and improving skills for businesses' workers; (5) Strengthen training forms at home and abroad for managers, researchers, and market development officers.
Detailed description of a mitigation measure
<p>On-site verification</p> <ul style="list-style-type: none"> - Check evidence of the training. - Consultation record, includes: <ul style="list-style-type: none"> • Result of consultation with stakeholders • Evidence of responding to all stakeholders • Records of training for small forest owners and harvesting teams
Detailed description of CB evaluation of mitigation measure and its conclusions
<ol style="list-style-type: none"> 1. Training was provided to small forest owners and harvesting teams by the BP supplier. 2. During the onsite verification, the auditor interviewed the harvesters and confirmed that the Mitigation measure is applied. 3. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
Gia Lai Province
Indicator

4.1.10 Safeguards shall be put in place to protect the health and safety of workers by developing, communicating and implementing policies and procedures.

Specified risk description

Referred SBP-RRR-AS-VN-FOR v1.0 In fact, according to the announcement of the labor accident situation in 2023 in Vietnam by the Ministry of Labor, War Invalids and Social Affairs in 2024, the production and business sectors with many fatal labor accidents include: (1) Construction sector accounts for 18.27% of total cases; (2) The mining and mineral exploitation sector accounts for 16.14% of the total number of accidents; (3) Mechanical and metallurgical fields account for 11.78% of the total number of cases; (4) Construction materials production sector accounts for 9.56% of the total number of cases; (5) The textile, garment and footwear sectors account for 7.18% of the total number of cases; (6) The service sector accounts for 4.5% of the total number of cases. Statistics show that the number of occupational accidents in the forestry industry was not shown in the Government's announcement in the last 3 years. However, most businesses and wood processing facilities in Vietnam still use low technology, outdated machinery and equipment, and a workforce with simple labor skills and seasonal work, leading to many limitations in compliance with labor laws in this industry. Statistics show that currently, the country has about 4,500 wood and forest product processing enterprises, with about 500,000 workers, of which 55-60% are trained and stable workers, and seasonal workers account for about 40-45%. Compliance with labor laws in the wood processing industry still has many shortcomings. It is estimated that about 93% of small and micro enterprises specializing in wood and forest product processing are currently using outdated machinery, equipment and technology. Violation of regulations on occupational safety and hygiene; Dangerous and toxic factors that have not been strictly Mitigation to have preventive solutions, such as dust, noise, slippage, etc., cause unsafety and occupational diseases for workers. Refer SBP-RRR-AS-VN-FOR v1.0 Result: Specified risk for The private organization/Small forest owner

Detailed description of a mitigation measure

On-site verification for:

- Check evidence of checking on site on safety requirements when harvesting such as equipped labor safety facilities.
- Interview workers to verify the training of occupational safety and comply with health and safety regulations
- Check Evidence of the regulations on labor health and safety will take into account the contract when the Company purchases their logs

Consultation record, includes:

- Result of consultation with stakeholders
- Evidence of respond to all stakeholders

Detailed description of CB evaluation of mitigation measure and its conclusions

1. The auditor conducts interviews with the farmers and consults local authorities to confirm that there are no disputes regarding health and safety matters.
2. Field visits are conducted to verify conditions at post-harvesting sites.
3. The mitigation measures found are sufficient to ensure that the feedstock is received

with a low risk.

Country
Viet Nam
Area/Sub-Scope
Gia Lai Province
Indicator
4.2.4 Legal, customary, and traditional tenure and use rights of Indigenous Peoples and local communities related to the Supply Base shall be identified, documented, and respected.
Specified risk description
Referred SBP-RRA-AS-VN-FOR v1.0, Circular 28/2018/TT-BNNPTNT and Circular 13/2023/TT-BNNPTNT on sustainable forest management require forest owners to meet the primary cultural, religious and recreational needs of local communities and people related to the land and forests that the forest owners are managing by the provisions of law (Principle 1, Appendix 1). Refer SBP-RRA-AS-VN-FOR v1.0 Result: Specified risk for the private organization/Small forest owner
Detailed description of a mitigation measure
<p>On-site verification</p> <ul style="list-style-type: none"> • Consultant: local people, the process of planting and exploiting forests does not affect the local infrastructure, religious sites, and living conditions of ethnic minorities in mountainous areas, and the religious beliefs of ethnic minorities are preserved • Consultation record, includes: Result of consultation with stakeholders and Evidence of response to relevant stakeholders.
Detailed description of CB evaluation of mitigation measure and its conclusions
<ol style="list-style-type: none"> 1. The auditor interviews farmers and local people on-site at the plantation camp (under group certification) as well as local authorities to confirm that no negative impacts occurred. 2. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
Gia Lai Province
Indicator
4.2.5 Mechanisms shall be in place for resolving grievances and disputes relating to tenure and use rights of the forest and other land management practices.

Specified risk description

Referred SBP-RRA-AS-VN-FOR v1.0, Forestry production activities are directly related to land issues, one of the issues that easily causes conflicts and disputes. The State's responsibility is to resolve land disputes, grievances and denunciations (Article 15, Land Law). The Law on Forestry also stipulates that the MARD is responsible for inspecting, monitoring, handling violations, and resolving grievances and denunciations related to forestry activities at the central level. The local People's Committees are in charge of these issues at their localities. Refer SBP-RRA-AS-VN-FOR v1.0 Result: Specified risk The private organization/Small forest owner

Detailed description of a mitigation measure

Checking those documents before sourcing:

- Households have a Certificate of land ownership (red cert. Profile of its land allocation) in compliance with Vietnamese Law.
- ID cards of Forest owners have been collected and stored.

Stakeholder engagement has been reviewed and recorded to identify any disputes with local people's rights.

Detailed description of CB evaluation of mitigation measure and its conclusions

1. The auditor interviews farmers and local people on-site at the plantation camp as well as local authorities to confirm that no negative impacts occurred.
2. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country

Viet Nam

Area/Sub-Scope

Gia Lai Province

Indicator

4.2.6 Where Indigenous Peoples' rights are identified in the Supply Base, and Free Prior and Informed Consent (FPIC) has not been achieved for the proposed and planned activities, a consultation and, if required, accommodation process shall be put in place.

Specified risk description

Referred SBP-RRA-AS-VN-FOR v1.0, For forest planning, this activity shall ensure publicity, transparency, sexual equality and participation of organizations, households, individuals and communities" (Article 10). The MARD is responsible for collecting comments from relevant state authorities, organizations, households, individuals and communities; consolidating, selecting and explaining comments on the national forestry planning. Refer SBP-RRA-AS-VN-FOR v1.0 Result: Specified risk The private organization/Small forest owner

Detailed description of a mitigation measure

- On-site verification of plot land

- Check the evidence: Land use certificate or equivalent, local authorities actively encourage and allocate land for ethnic minorities to participate in forest planting.
- Consultation record, includes: Result of consultation with stakeholders and Evidence of response to all stakeholders.

Detailed description of CB evaluation of mitigation measure and its conclusions

1. The auditor interviews farmers and local people on-site at the plantation as well as local authorities to confirm that no negative impacts occurred.
2. Mitigation found sufficient to ensure that the feedstock is received as low risk