Compliance with the SBP Framework: Public Summary Report

Preferred by Nature OÜ Evaluation of NETMA PHU THO COMPANY LIMITED

Second Surveillance 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

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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:	Van Cu Ho
Audit team members:	Sebastian Pandu Dewa Artha
Name of the Company:	NETMA PHU THO COMPANY LIMITED
Company legal address:	Lot CN4, Cam Khe Industrial Park, Cam Khe Commune, 290000 Phu Tho Province, Viet Nam
Company contact for SBP:	Cuong Nguyen Chi
Company contact email:	cuongnc@netma.vn
Company website:	https://netma.vn
Date of installation:	
SBP Certificate Code:	SBP-10-97
Date of certificate issue:	14 Aug 2024
Date of certificate expiry:	13 Aug 2029
Audit closing meeting date:	02 Jul 2026
Audit cycle:	Second Surveillance 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):	Girts Karss
Date of decision:	28 Aug 2026
Other comments:	N/A

2.2 Open non-conformities and observations

2.2 Closed non-conformities

NC number 9489	NC Grading: Minor
Standard:	SBP Standard 2: Feedstock Verification v2.0
Requirement:	1.1.4 The Organisation shall ensure the boundaries and the map of the Supply Base remain up-to-date. N/A N/A
Description of Non-conformance and Related Evidence:	
BP have mapped the boundaries in the Supply Base Report. Currently Vietnam is having mass update on the Administrative geographical locations. BP have not yet updated the SBR following the most current data. The auditor considered that the mass data has just applied since 1st July, a minor NCR is raised for this indicator.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Evidence reviewed included the updated Supply Base Report (SBR), the updated geographical administrative maps provided/uploaded with the SBR, and the corresponding administrative geographical information presented to and reviewed by the Auditor during the 2026 audit.
Findings for Evaluation of Evidence:	Based on evaluation on audit 2026, auditor found that organisation already updated their mapped in Supply Base Report with updated new administrative geographical in Vietnam. This has been evaluated by the auditor; therefore this NCR 2025-006897 can be closed.
NC Status:	Closed
Original Due Date:	2027-08-28
Closing Date:	2026-08-28
Upgrade Date:	N/A
Update Date:	N/A

NC number 9490	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody v2.0
Requirement:	1.24 The Organisation shall maintain an up-to-date self-assessment covering the implementation of 1.21, 1.22 and 1.23. N/A N/A
Description of Non-conformance and Related Evidence:	
BP retained The FSC self-assessment regarding business integrity, core labour health and safety, however, no equivalent up-to-date self-assessment covering the implemantation of 1.21, 1.22 and 1.23. The auditor considered that in reality BP have implemented good practices in those aspects, they maintain valid FSC certification, PEFC certification continuously since 2023; raised a minor NCR for this indicator.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date

Evidence Provided by Company to close NC:	the updated self-assessment and relevant policies and commitments, including the "Netma SBP Audit Policy and Commitment EU RED", "Netma SBP Audit Policy and Commitment Japan ID", "Netma SBP Audit Policy and Commitment SBP", "Netma SBP Audit Policy and Commitment OHAS", and "Netma SBP Audit Policy and Commitment Labour"
Findings for Evaluation of Evidence:	The organization has updated and completed its self-assessment covering the implementation of Indicators 1.21, 1.22, and 1.23. The self-assessment includes legal compliance measures, business integrity and anti-corruption arrangements, as well as occupational health and safety responsibilities, procedures, and training. During the audit, the auditor reviewed the revised self-assessment and confirmed that it is current, complete, and adequately documents the implementation of the applicable requirements. Based on that auditor confirmed previous NCR 2025-006898 for this indicator can be closed.
NC Status:	Closed
Original Due Date:	2027-08-28
Closing Date:	2026-08-28
Upgrade Date:	N/A
Update Date:	N/A

NC number 9491	**NC Grading: Minor**
Standard:	Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413
Requirement:	2.3.4 In cases where the supplier selected for sampling sells processing residues or post-consumer feedstock that were previously collected, classified and traded by other companies or sites, the complete supply chain of these feedstock shall be verified back to the point where the classification can be demonstrated through objective evidence. N/A N/A
Description of Non-conformance and Related Evidence:	
BP's trader supplier is FSC certified https://search.fsc.org/en/certificate/a02Do000007duLbIAI/?tab=products; and is subjected to BP supplier audit. It is noted that BP shall evaluate processing residues classification at the point where the processing residues have been produced (not at the trader level). BP shall fully evaluate EU RED Requirements in the upper tier of this trader supplier where the processing residues are generated. A minor NCR is raised for this indicator.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Internal audit report of Cong Ty Tnhh Dich Vu Va Thuong Mai The Hien on 16 May 2026, Internal audit report of Cong Ty Tnh Mtv Nguyen Lieu Go Anh Tuan on 18 May 2026, and Self declaration for supplier of wood residues of Lieu Go Anh Tuan signed on 18 May 2026.
Findings for Evaluation of Evidence:	The organization has completed an on-site audit of the upper-tier supplier where the processing residues are generated, in accordance with the corrective action requirements from the previous assessment. The supplier audit covered the classification and origin of the processing residues at the point of generation, including a review of relevant procedures, production processes, and supporting records. During this assessment, the auditor reviewed the supplier audit report,

	supporting evidence, and related documentation, and confirmed that the upper-tier supplier audit had been effectively implemented. Based on the audit results and the evidence provided during the audit , the previous NCR (2025-009308) can be closed.
NC Status:	Closed
Original Due Date:	2027-08-28
Closing Date:	2026-08-28
Upgrade Date:	N/A
Update Date:	N/A

2.3 Actions taken by Organisation Prior to Report Finalisation

The organization provided additional supporting documents and objective evidence following the audit. These documents were reviewed by the auditor prior to the finalization of the audit report.

2.4 Notes for the next Audit

The Organization intends to add new suppliers before the next annual audit. The next audit should include verification of the newly approved suppliers and an increased sample of supplier site visits to confirm continued compliance with the applicable requirements.

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 EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413; Instruction Document Japan: Bridging Requirements for meeting Japanese sustainability, legality and GHG saving requirements v1.2
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	Biomass Producers just added SBP standard 1 and ID Japan

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.

NETMA PHU THO COMPANY LIMITED produces wood pellets in Phu Tho province, Viet Nam (https://netma.vn/factory/nha-may-phu-tho/). The company's designed capacity is 120,000 tons/year. BP purchases roundwood from plantations, processing residues from certified trader in Vietnam and uses it as feedstock (10 - 40) for pellet production. Pellets are sold to different customers from their facility gate and Cai Lan port.

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
Netma Phu Tho Company Limited	Lot CN4, Cam Khe Industrial Park, Cam Khe Commune 290000 Phu Tho Province , Viet Nam	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.

Primary Feedstock Supply Chain (Direct): - Sourced directly from small forest owners. - Logging and transportation teams are contracted to harvest and deliver the raw materials. - Primary feedstock (roundwood, twigs) is transported directly from the harvest site to the Netma Phu Tho plant. - Traceability: Maintained through purchase contracts, transport permits, invoices, and supplier declarations. Processing Residues Feedstock Supply Chain: - Sourced from wood processing residues (wood chips, sawdust, and offcuts). - Small forest owners from our defined supply base sell roundwood to local processing mills. - Processing mills (veneer mills and sawmills) generate residues during processing and sell them directly to Netma Phu Tho. - Traceability: Strictly monitored through regular inspections, supplier evaluations, and by requiring all intermediaries to provide comprehensive origin documentation. We apply a mass balance system within the SBP scope.

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**
1. Preparation	Sebastian Pandu Dewa Artha, Van Cu Ho	8.0
2. On-site (excl. travel time)	Sebastian Pandu Dewa Artha, Van Cu Ho	32.0
3. Report writing	Sebastian Pandu Dewa Artha, Van Cu Ho	16.0
4. Other	Sebastian Pandu Dewa Artha, Van Cu Ho	8.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	**Role**	**Qualification**
Sebastian Pandu Dewa Artha	Lead Auditor in witness	Sebastian Pandu as Junior Auditor is a forestry graduate from the forest management department, Faculty of Forestry, Gadjah Mada University, Indonesia who has 2 years of experience in Indonesian government institutions, as a technical GIS analyst and drone pilot in monitoring and evaluating peat restoration and mangrove rehabilitation. He has 3 years experienced in certification. Currently He as Forestry Specialist at Preferred by Nature. He manages the task management for planning and execution of FSC FM audits and assessment audits. He has qualified as FSC Chain of Custody Lead Auditor and FSC Forest Management Lead Auditor, Preferred by Nature Certification Lead Auditor, and pass Sustainable Biomass Program Lead Auditor Training. ASI Auditor number: ASI146VXZX.
Van Cu Ho	Witness Auditor	Cu started to work with Preferred by Nature in August 2019. He has over 30 years of experience in the forestry sector and has acted as an FSC FM/CoC/CW, SBP, and Bonsucro auditor in the APA region. He holds a PhD in Forestry. Before joining Preferred by Nature, he worked as a Lecturer at the University of Agriculture and Forestry, Ho Chi Minh City, Vietnam.

5.3 Description of evaluation activities

The second surveillance audit was conducted on-site.
The main activities took place on June 29 to July 3, 2026 and were 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 June 29, 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. Later that date during interviews and documentation review all applicable requirements of the SBP and CoC standards were evaluated. During the process, the overall responsible person 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 June 30, 2026 suppliers of primary feedstock (small forest owners) were visited and stakeholder consultation conducted to:
- Visited the external storage sites.
- During supplier evaluation, the implementation of control measures by BP within the CoC system was evaluated.
- Evaluation of compliance with the EU RED Level B Management system.
- Evaluation of compliance of feedstock with the supply base (Standard 1) and declared characteristics,
During the stakeholder consultation and sites observation, several points of the EU SBE were discussed such as soil impacts, harvesting practices, waste handling, etc.
On 1 July, 202, during desk work business integrity and other aspects of SBP Standard 4, Standard 1 and other SAR calculation were covered.
On July 2, 2026,
During the second surveillance's closing meeting, findings were summarized, and preliminary audit conclusions based on the use of 3 angle evaluation method were provided to the Organization’s management and SBP responsible person. Impartiality commitment: Preferred by Nature commits to using impartial auditors and our clients are encouraged to inform Preferred by Nature management if violations of this are noted. Please see our Impartiality Policy here: http://www.preferredbynature.org/impartiality-policy. A good performance was found, and a positive certification decision was concluded, there is no NCRs founded.

5.4 List of forest management units and feedstock suppliers visited

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

Site name
Công ty TNHH Dịch vụ và Thương mại Thế Hiển – Phu Tho
Site location
Khu Tiên Sơn, Xã Tiên Lương, Huyện Cẩm Khê, Tỉnh Phú Thọ, Việt Nam
Site description
Supplier processing residues
Rationale and focus of visit
Follow-up on previous NCR
Description of audit activity

A field visit was conducted to the supplier's processing facility to verify the implementation of the supplier internal audit process and the supplier's commitment to the applicable SBP and legal requirements. The audit included a review of the supplier's internal audit records, self-declaration, supplier list, and supporting legal documentation to verify their validity and compliance with applicable legislation. The auditor also observed the processing residues generation and handling process to confirm the classification of processing residues at the point of generation and to verify consistency between documented procedures and actual practices.

Site name
Viet Tri Port
Site location
8C2P+77C, Thanh Miếu, Phú Thọ, Vietnam
Site description
Port and storage location
Rationale and focus of visit
As point of transportation and storage location
Description of audit activity
A field visit was conducted to Viet Tri Port to verify one of the transportation points within the supply chain and the associated storage facilities. The auditor observed the receiving, handling, storage, and dispatch arrangements to assess the risk of material mixing or contamination and to verify that segregation and traceability controls were effectively implemented. The auditor also inspected the stock stored within the warehouse, verified the storage capacity and storage conditions, and assessed whether the facilities were adequate to maintain product identity and prevent the mixing of SBP-compliant and non-compliant materials. Relevant transportation and storage records were reviewed to confirm consistency between physical operations and documented information. In addition, interviews were conducted with the personnel responsible for the port and storage operations to verify their understanding of, and implementation of, the applicable SBP and EU RED requirements, particularly with respect to material identification, traceability, segregation, and storage management. The visit confirmed that the port and storage operations were managed in accordance with the applicable SBP and EU RED requirements, ensuring that feedstock identity, integrity, and traceability were maintained throughout transportation and temporary storage.

Site name
Trieu Tien Chau
Site location
Xa Quyet Tien, Huyen Thanh Son, Tinh Phu Tho
Site description
standing plantation sites (3 ha)
Rationale and focus of visit
SBE and EU RED (Check Boundary, OHAS, buffer zone, chemical usage, planted species and soil management)
Description of audit activity
Field visits were conducted at standing plantation sites (3 ha) to verify origin and review relevant legal and operational documentation. Observations and interviews were carried out to evaluate plantation management practices, species composition, stand conditions, maintenance activities, use of fertilizers, chemicals or pesticides, soil management measures, and implementation of environmental protection measures such as buffer zones

Site name
S. Lam Thao
Site location
Doi Sau Quan, xa Thach Khoan, huyen Thanh Son, tin Phu Tho
Site description
harvested sites (1,225 ha).
Rationale and focus of visit
SBE and EU RED (Check Boundary, OHAS, buffer zone, chemical usage, planted species and soil management)
Description of audit activity
Field visits were conducted at harvested sites (1,225 ha). Activities included origin confirmation and verification of relevant legal and operational documentation, as well as field observations and interviews with responsible personnel to evaluate harvesting practices, site preparation activities, replanting implementation, species planted, soil management measures, use of fertilizers, chemicals or pesticides, and protection measures such as buffer zones and environmental safeguards.

Site name
Phung Xuan Tu
Site location
Xa Quyet Tien, Huyen Thanh Son, Tinh Phu Tho
Site description
standing plantation
Rationale and focus of visit
SBE and EU RED (Check Boundary, OHAS, buffer zone, chemical usage, planted species and soil management)
Description of audit activity
Field visits were conducted at standing plantation sites to verify origin and review relevant legal and operational documentation. Observations and interviews were carried out to evaluate plantation management practices, species composition, stand conditions, maintenance activities, use of fertilizers, chemicals or pesticides, soil management measures, and implementation of environmental protection measures such as buffer zones

5.5 Describe audit sampling methodology used

When preparing for the surveillance and during the on-site assessment, sampling was implemented based on the following criteria: a full review of documented procedures; a full review of training records; sample reviews of supplier-related information and supporting documentation; reviews of templates and management records; and interviews with responsible personnel to evaluate their understanding and implementation of the management system. The assessment focused on key personnel, critical processes, and records relevant to the SBP and EU RED requirements. For SBP v2.0, additional audit time was allocated to reviewing the Supply Base Report (SBR) and the implementation of the Level B EU RED Risk Assessment, with particular emphasis on the organization's risk assessment, risk management measures, and due diligence system. Sampling focused on specified risk indicators and the effectiveness of the implemented management system. During the surveillance, one processing residue supplier facility (FSC 100%) was selected for an on-site visit to verify the implementation of supplier verification, the classification of processing residues at the point of generation, and compliance with the applicable SBP requirements. Based on the list of 180 smallholder suppliers, a sample size of nine Forest Management Units (FMUs) was determined using the sampling formula of **0.6 × √180**. These nine FMUs were selected for document review and traceability

verification. As several of the selected FMUs were adjacent to one another and managed under similar operational and environmental conditions, the on-site verification was consolidated into three representative field visits. In addition, the sampled harvesting sites were located in hilly terrain, and access to the post-harvest areas required considerable travel and walking time. The representative field visits therefore provided sufficient coverage of the selected FMUs while allowing the auditor to verify harvesting practices, post-harvest conditions, legal compliance, implementation of risk mitigation measures, and traceability arrangements across the supply base.

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 surveillance audit, the auditing team engaged with relevant stakeholders in Phu Tho province through in person meeting: Chairman of Vo Mieu Commune, Phu Tho Province; Forest Protection Department Phu Tho province, local people, and smallholders within the samples list.
It was advised that the smallholders are applying the appropriate silvicultural practice for improving the quality of forest and protect soil quality as well as by agro-forestry techniques. They are not using any chemical that are banned by Vietnam laws during the plantation rotation. There are no ploughing activities on their plantation which unlikely cause the negative impacts on their land. The local people have rights to use the land and their right to access the services of plantation are protected and met. There is no accident-related harvesting happened for years and the harvesting are done by the well experienced harvesters. Forest fire are monitored by Forest protection department with the support from local authorities in awareness raising activities.
There is no conflict of land or land use boundaries between different ethnic groups, nor disputes over timber and other resources, confirmed by the interviewed.

5.7 Stakeholder feedback and response

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

The stakeholder consultation was conducted onsite, through in person meeting, the comments were recorded in this PRS. No such complaints, concerns to be addressed prior to this report finalization.

5.8 Main strengths and weaknesses of the management system and operations

The audit of Netma Phu Tho demonstrated a good level of compliance with the required criteria of Standards 1, 2, 4 and 5 as well as with EU RED III and Japan ID requirements. There was reasonable evidence provided to support compliance where a Non-Conformity was not detected. The existence of a FSC and PEFC Chain of Custody system is considered a main strength with respect to Netma Phu Tho´s overall conformity with the relevant SBP standards.

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-RRA-AS-VN-FOR_v1.0-RRA-for-Vietnam-FOR_Interim. The risk assessment concluded with 17 specified risk indicators for private organisasion and 15 for small forest owners with for all types of planation. 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

Verification starts at the company gate where direct observation is conducted, and staff verify delivery documents. Within the scope of EU RED III, the suppliers of secondary material is visited regularly, as they are also the suppliers of primary feedstock, and has signed the EU RED III self-declaration. In the internal audit Netma Phu Tho staff verify process and systems in the supplier to verify secondary classification, the risk of missing and risk of primary feedstock would be wrongly classified as secondary. Audit report with other evidences are saved for each supplier audit. Observed BP team interviewed, reviewed relevant documents such as weigh bill, contracts, delivery notes, commitment, declaration, etc.

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

BP implemented mass balance module in which input feedstock data and output biomass are kept track and equivalent. Positive balance are bring toward the next reporting period.
COC system is utilized the FSC COC module, in which CCP is controlled from
weighbridge point to biomass storage. Identification signboards in place.
Clear updated procedures covering requirements version 2.0 in SBP handbook, training records, internal records, purchase and sale invoice (FSC claim) are kept and matching with annual volume summary, business integrity are documented, RED commitment is signed by Senior management, no SBP claim during reporting period, no subcontracting
activity,
SEP is established for EU RED and implemented.

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

The BP collects information related to feedstock, countries of origin, distances and energy consumption during the production on a regular basis. The most operational specific data were used. the values are weighted average, the calculations and sources of information were justified. The BP summarizes data in the SAR reports as required by ID 5E version 2.1.

5.13 Summary of audit findings for competency of involved personnel

All interviewed responsible staff demonstrated awareness of their responsibilities within SBP system. All involved personnel, including responsible staff at suppliers have demonstrated sufficient knowledge in relevant fields during the site visits. In overall, the auditor evaluate the competency of main responsible staff to be sufficient for implementing the SBP system with both primary and secondary material sourced within the identified supply base. This has been based on interviews, review of qualification documents, training records and set of procedures and documents that were composed for the SBP system as well as observations during the audit and visits to suppliers

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

The Supply Base Evaluation (SBE) conducted by Netma Phu Tho covers feedstock sourced from Primary Forest and processing residues within the defined Supply Base in Vietnam. The evaluation was carried out in accordance with SBP Standard 1 and assessed legal compliance, environmental and social aspects, as well as the implementation of management systems. The assessment was based on document reviews, supplier self-declarations, stakeholder information, GIS-based screening tools, and on-site supplier verification activities. The SBE based on SBP-RRA-AS-VN-FOR_v1.0-RRA-for-Vietnam-FOR_Interim. The risk assessment concluded with 17 specified risk indicators for private organisasion and 15 for small forest owners with for all types of planation. Netma Phu Tho referred to SBVs and established adequate RMMs for each indicator to reduce risk to a low level. Netma Phu Tho only used feedstock from small forest owners (Acacia spp, Eucalyptus spp), there are only 13 specified risk indicators.

To address these risks, Netma Phu Tho has implemented targeted mitigation measures, including structured training and awareness programs for employees and relevant suppliers, documented training records, stakeholder mapping, review of available national and international data sources on Indigenous and community land rights, supplier verification visits, the implementation of waste management measures at feedstock supply sites, and the establishment of stakeholder engagement and grievance mechanisms. Through the implementation and ongoing monitoring of these mitigation measures, Netma Phu Tho concludes that the identified Specified Risks are effectively controlled, and that feedstock sourced within the defined scope can be considered compliant with the applicable SBP requirements

For the EU RED scope, the identified risks mainly relate to the legality of harvesting and the demonstration that feedstock is sourced from eligible land and harvested in accordance with applicable environmental requirements. The identified risks include the validity of land tenure and harvesting documentation, compliance with forest inventory and timber transportation requirements, verification of the spatial boundaries of harvesting areas, and potential impacts of harvesting on soil quality, biodiversity and riparian areas. Potential risks related to sourcing from peatlands and other land categories restricted under EU RED were also considered.
To mitigate these risks, Netma Phu Tho verifies the validity of the Land Use Right Certificate (LURC) or equivalent land documentation, checks harvesting and transportation documentation, and verifies the harvesting location and spatial boundaries through GIS/map screening and field verification. The BP also verifies applicable species and legal requirements and conducts supplier/harvesting site inspections. Environmental RMMs include requirements for appropriate residue management, avoidance of burning, protection of riparian buffer zones, minimisation of soil disturbance and erosion, and avoidance of environmentally sensitive areas. Stakeholder consultation and review of relevant legal, governmental and other information sources are also used to support the risk assessment and monitoring process.
For the current sourcing scope, which is limited to Acacia spp, Eucalyptus spp plantation and Styrax tonkinensis, and Vernicia montana plantation feedstock from small forest owners, the Auditor reviewed the implementation of these RMMs through document review, field verification, supplier interviews and consultation with relevant stakeholders. Based on the evidence reviewed, the identified EU RED risks were considered adequately mitigated and the residual risks were assessed as Low Risk.

6.2 CB evaluation of specified risk indicators and mitigation measures

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
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.
Detailed description of a mitigation measure
The Company requires all smallholder suppliers to provide valid Land Use Right Certificates (LURCs) or official confirmation from the Commune People's Committee before procurement. Compliance is reinforced through verification of forest product packing lists (BKLS) in accordance with Circular No. 26/2025/TT-BNNMT, periodic field inspections, cross-checks with local forest rangers and commune authorities, and a strict supplier exclusion policy for non-compliant sources. In addition, the Company verifies legal documentation for every raw material batch, closely monitors harvesting and transportation activities, and retains traceability records for at least five years. The auditor verified that these measures were consistently implemented and found no evidence of non-compliant timber entering the controlled supply base, demonstrating that the mitigation measures are effective in reducing the specified risk.
Detailed description of CB evaluation of mitigation measure and its conclusions
The auditor evaluated the implementation of the mitigation measures through document review, field verification, and interviews with responsible personnel and relevant stakeholders. The assessment included verification of Land Use Right Certificates (LURCs), forest product packing lists (BKLS), supplier verification records, traceability documentation, and legal compliance records. Field visits confirmed that harvesting activities were conducted within approved forest areas and that raw materials could be traced from the forest to the factory. Based on the evidence reviewed, the auditor concluded that the mitigation measures have been effectively implemented and provide sufficient assurance that only legally verified raw materials are accepted into the supply chain. Therefore, the residual risk for this indicator is considered Low Risk.

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
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

The Company requires all smallholder suppliers to provide a valid Land Use Right Certificate (LURC) or an official certification from the Commune People's Committee confirming that the land is free from ownership or boundary disputes. Land tenure information is verified with local authorities, supported by community consultations where necessary, and any plots with unresolved disputes are excluded from the supply base. The Company further strengthens control through its FSC and PEFC certified smallholder supply base. Monitoring includes verification of land tenure documents before procurement, periodic coordination with local land authorities, and retention of all verification records for at least five years. The auditor verified the documentation and concluded that the mitigation measures were effectively implemented and reduce the specified land tenure risk within the controlled supply base.

Detailed description of CB evaluation of mitigation measure and its conclusions

The auditor evaluated the implementation of the mitigation measures through document review, field verification, and interviews with responsible personnel and local stakeholders. The assessment included verification of Land Use Right Certificates (LURCs), commune certifications, supplier verification records, and land tenure documentation, as well as confirmation with local authorities where appropriate. Field visits found no evidence of land tenure disputes or overlapping land claims within the sampled supply base. Based on the evidence reviewed, the auditor concluded that the organization has effectively implemented the mitigation measures to verify land tenure and resource rights, providing sufficient assurance that the residual risk for this indicator is Low Risk.

Country

Viet Nam

Area/Sub-Scope

08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)

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

The Company verifies all harvesting operations by reviewing harvesting records, regional timber quotas, and commercial sales contracts to maintain chain-of-custody integrity. Forest product packing lists (BKLS) must be issued by the smallholder forest owner or an authorized representative and, where applicable, cross-verified with the local Forest Ranger station in accordance with Circular No. 26/2025/TT-BNNMT. The Company also conducts species screening to ensure that only *Acacia* spp. and *Eucalyptus* spp. from plantation forests are sourced and that no CITES-listed species enter the supply chain. Suppliers failing to provide complete traceability documentation or suspected of non-compliant trading practices are immediately suspended. The Company's extensive FSC and PEFC Forest Management certified supply base, including its own certified smallholder group (FSC FM/COC GFA-FM/COC-008818 and PEFC FM/COC GFA-PEFC-FM/COC-500670), provides additional assurance in effectively controlling specified sourcing risks. Monitoring includes comprehensive verification of packing lists and purchase contracts for every timber batch delivered to the factory, cross-checking documentation with the local Forest Ranger station where applicable, immediate rejection of any batch with unverifiable origin or signs of document manipulation, and centralized retention of timber legality, harvesting authorization, and transportation records by batch for at least five years.

Detailed description of CB evaluation of mitigation measure and its conclusions

The auditor evaluated the implementation of the mitigation measures through document review, field verification, and interviews with responsible personnel. Auditor analyzed a sample of entries received during the reporting period from primary feedstock suppliers, including harvesting records, VAT invoices, purchase contracts, forest product declarations (BKLS), delivery notes, invoices, and origin information to verify legality and traceability of feedstock origin. The auditor also verified that only *Acacia* spp. and *Eucalyptus* spp. from plantation forests were accepted into the supply chain and that procedures were in place to reject any feedstock lacking complete or verifiable documentation. Field visits were conducted to verify on-site and consultation with local authorities and Forest Protection Department (FPD) to confirm that the biomass products were legally harvested, supplied, and produced, including compliance with applicable legal trade requirements and Circular 26/2025/TT-BNNMT.
Based on the evidence reviewed, the auditor concluded that the mitigation measures have been effectively implemented and provide sufficient assurance that the residual risk for this indicator is Low Risk.

Country

Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
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
Although Vietnam has adequate legal regulations and effective mechanisms for managing forest and wetland land use, from 2006 to 2014, the conversion of depleted natural forests into plantation forests took place on a large scale legally. There are still sporadic illegal forest conversions to date. The loss of mangrove forests and peatlands has also occurred significantly. Therefore, this indicator is assessed as a specified risk.
Detailed description of a mitigation measure
The Company cross-references individual plot coordinates and boundaries with official three-forest-type planning maps and land-use classification records maintained by the Commune People's Committee. All smallholder suppliers are required to submit a legally binding Land History Self-Declaration confirming that the forest plot has not been converted from natural forest, wetlands, or peatlands since January 2008. The Company applies a zero-tolerance conversion policy, permanently excluding any land parcel identified as having undergone illegal conversion after the 2008 cut-off date. Furthermore, the Company's extensive FSC and PEFC Forest Management certified supply base, including its own certified smallholder group (FSC FM/COC GFA-FM/COC-008818 and PEFC FM/COC GFA-PEFC-FM/COC-500670), provides additional assurance in effectively controlling specified sourcing risks. Monitoring includes random on-site verification of sourcing areas to detect land-use changes since 2008, cross-checking with cadastral maps and historical land-use commitments from smallholders, acceptance only of forest plots confirmed to have had no conversion of natural forest, wetlands, or peatlands after 1 January 2008, immediate investigation and exclusion of any plots showing evidence of conversion, and retention of all historical land-use verification records and signed self-declarations for a minimum of five years.
Detailed description of CB evaluation of mitigation measure and its conclusions
The auditor evaluated the implementation of the mitigation measures through document review, field verification, and interviews with responsible personnel. The assessment included verification of land-use classification records, official land-use planning maps, Land History Self-Declarations, and supplier verification records to confirm that sourced forest plots had not been converted from natural forests, wetlands, or peatlands after January 2008. Field observations, consultation with local authorities were conducted to verify onsite conditions, land-use history and supporting documentation confirmed that the sampled sourcing areas were established plantation forests with no evidence of prohibited land conversion. Auditor confirmed that sourcing areas identified as having conversion of natural forests, mangroves, or peatlands after the cut-off date are excluded from the supply chain. Based on the evidence reviewed, the auditor concluded that the mitigation measures

have been effectively implemented and provide sufficient assurance that the residual risk for this indicator is Low Risk.

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
Indicator
2.2.3 Soil quality in the Supply Base shall be maintained or enhanced
Specified risk description
Although Vietnam has regulations to limit the negative impacts of forestry production activities, implementing sustainable forest management plans is optional for all forest owners. The short forest planting rotation and the widespread burning of vegetation can negatively impact soil quality. Therefore, this indicator is assessed as a specified risk.
Detailed description of a mitigation measure
Monitoring includes mandatory annual field inspections before and during harvesting operations to verify compliance with riparian buffer protection, clear-cut size limits, and no-burning requirements; intensified inspections of steep-slope areas during the monsoon season (June–September) to detect soil erosion; immediate issuance of non-compliance notices and temporary suspension of purchasing from non-compliant suppliers until corrective actions are implemented; and documentation of field conditions using geo-tagged photographs, with inspection records retained for a minimum of five years. The Company provides regular technical training and practical demonstrations for smallholder suppliers on soil conservation, emphasizing the ecological benefits of retaining organic matter and the prohibition of burning post-harvest residues. In collaboration with local authorities and regional forest rangers, the Company also delivers training on sustainable vegetation management, including no-burning practices, controlled burning only where legally permitted, retention of branches and stumps for natural decomposition, use of chipping/shredding where appropriate, protection of riparian buffer zones (minimum 5 m from waterways), and compliance with the maximum contiguous clear-cut area of 10 ha. Furthermore, the Company's extensive FSC and PEFC Forest Management certified supply base, including its own certified smallholder group (FSC FM/COC GFA-FM/COC-008818 and PEFC FM/COC GFA-PEFC-FM/COC-500670), provides additional assurance in effectively controlling specified sourcing risks.
Detailed description of CB evaluation of mitigation measure and its conclusions
The auditor evaluated the implementation of the mitigation measures through document review, field verification, and interviews with responsible personnel. Auditor conduct review of training records, field inspection reports, geo-tagged photographs, and monitoring records related to soil conservation, residue management, riparian buffer protection, and harvesting practices. Field visits confirmed that the sampled smallholders were implementing the required environmental management practices and that compliance was regularly monitored by the organization. Based on the evidence

reviewed, the auditor concluded that the mitigation measures have been effectively implemented and provide sufficient assurance that the residual risk for this indicator is Low Risk.

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
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
Although Vietnam has a Forestry Law regulating permitted or prohibited forestry activities and regulations on sustainable forest management, there are no effective legal regulations specifically for the treatment of post-harvest residues, and the situation of uncontrolled burning of vegetation after harvesting is still ordinary, so this index is assessed as a definite risk.
Detailed description of a mitigation measure
The Company provides regular technical training and practical demonstrations for smallholder suppliers on soil conservation and sustainable forest management, emphasizing the retention of organic matter, prohibition of burning post-harvest residues, controlled burning only where legally permitted, retention of branches and stumps for natural decomposition, use of chipping or shredding equipment where appropriate, protection of riparian buffer zones (minimum 5 m from waterways), and compliance with the maximum contiguous clear-cut area of 10 ha. The Company further strengthens supply chain control through its certified sourcing network, with the raw material sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes mandatory annual field inspections before and during harvesting operations to verify compliance with riparian buffer protection, clear-cut size limits, and no-burning requirements, intensified inspections of steep-slope areas during the monsoon season (June–September) to detect soil erosion, issuance of non-compliance notices and temporary suspension of sourcing from non-compliant suppliers until corrective actions are implemented, and documentation of field conditions using geo-tagged photographs and standardized inspection records retained for a minimum of five years.
Detailed description of CB evaluation of mitigation measure and its conclusions
The CB reviewed the Company's training records, post-harvest inspection reports, geo-tagged photographs, and supplier compliance records. Field verification confirmed that harvesting residues were managed in accordance with the Company's technical guidelines and no evidence of systematic post-harvest burning was identified within the controlled supply base. Based on the evidence reviewed, the CB concluded that the mitigation measures have been effectively implemented and are adequate to reduce the specified risk to a low level.

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
Indicator
2.2.5 Quality and quantity of ground water, surface water and water downstream shall be maintained or enhanced.
Specified risk description
Vietnam has complete regulations to protect water resources in general and the forestry sector. In general, forestry activities have little impact on water resources. However, afforestation encroaching into protected areas along stream buffer zones is still quite common in forests managed by smallholders. Therefore, this indicator is considered a specified risk for smallholders.
Detailed description of a mitigation measure
The Company provides regular training and awareness programs for smallholder suppliers on sustainable harvesting practices. The training covers the establishment and maintenance of riparian buffer zones of at least 5–10 m along rivers and streams, prohibition of tree planting and cultivation within buffer areas, restrictions on vehicle washing, refueling, and oil discharge near water sources, and limiting harvesting activities during the rainy season (June–September) on steep terrain to reduce erosion and sedimentation. The Company further strengthens these measures through its certified sourcing network, with the sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes structured field inspections by procurement officers and certification auditors to verify compliance with riparian buffer requirements, mapping of plot boundaries to detect encroachment, acceptance of feedstock only from forest plots that comply with buffer zone requirements, temporary suspension of non-compliant suppliers until natural regeneration of riparian vegetation has been restored, and retention of monitoring records, inspection reports, and riparian buffer maps for a minimum of five years.
Detailed description of CB evaluation of mitigation measure and its conclusions
The auditor reviewed the Company's procedures, training records, field inspection reports, riparian buffer maps, supplier monitoring records, and supporting documentation maintained for traceability. Interviews with Company personnel confirmed that procurement staff and certification auditors routinely conduct field inspections to verify compliance with riparian buffer requirements and harvesting restrictions, while non-compliant suppliers are temporarily suspended until corrective actions have been completed. Field verification confirmed that feedstock was sourced only from forest plots complying with established water protection requirements, with no evidence of harvesting activities encroaching into riparian buffer zones or practices posing unacceptable risks to water resources. Based on the document review, interviews, and field verification, the auditor concluded that the mitigation measures

have been effectively implemented and are sufficient to reduce the specified risk related to impacts on water resources to Low Risk

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
Indicator
2.2.11 The impacts of natural processes such as fires, pests and diseases shall be managed.
Specified risk description
Forest fire management has completed legal regulations and implementation mechanisms, but smallholders do not fully implement these regulations due to limitations in awareness, knowledge, and techniques. Regarding pest management, although there are regulations and technical procedures, all forest owners have yet to effectively implement them.
Detailed description of a mitigation measure
The Company provides training to smallholder groups and cooperatives on basic forest fire response procedures, maintenance of firebreaks between adjacent forest blocks, and preparedness of essential manual firefighting equipment, including shovels, water backpacks, and fire beaters. The Company also conducts structured quarterly forest health surveillance to detect early signs of pest outbreaks, such as shoot borers and leaf blight, and collaborates with local Forest Ranger stations (Hạt Kiểm lâm) to deliver practical fire suppression training and integrated pest management awareness programs. In addition, a rapid communication network has been established linking village heads, forest owners, local forest rangers, and the Company to ensure timely reporting and coordinated responses to fire or pest incidents. The Company further strengthens these measures through its certified sourcing network, with the sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes mandatory annual pre-dry season field inspections (October–December) to verify the condition of firebreaks, availability of firefighting equipment, and fire warning signage, quarterly reviews of forest health monitoring records, exclusion of suppliers that fail to demonstrate adequate fire preparedness or refuse to participate in community fire protection networks, and retention of fire management plans, inspection reports, and pest surveillance records for a minimum of five years
Detailed description of CB evaluation of mitigation measure and its conclusions
The auditor reviewed the Company's forest fire prevention and pest management procedures, training records, fire management plans, quarterly forest health surveillance reports, supplier monitoring records, and supporting documentation retained for traceability. Interviews with Company personnel and relevant stakeholders confirmed that regular training, field monitoring, and coordination with local Forest Ranger stations are implemented as planned, while field verification confirmed the presence of maintained firebreaks, basic firefighting equipment, and monitoring

activities within the supply base. The auditor also verified that suppliers failing to meet fire preparedness requirements or participate in community fire protection initiatives are excluded from sourcing until corrective actions are completed. Based on the document review, interviews, and field verification, the auditor concluded that the mitigation measures have been effectively implemented and provide adequate assurance that the specified risks related to forest fires and pest outbreaks are effectively controlled, resulting in a residual risk classification of Low Risk.

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
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
Vietnamese law has policies and regulations on vocational training and education for small and medium-sized enterprises in all production sectors. Training facilities in the forestry sector are provided for university-level workers and workers nationwide. However, training and technical and occupational safety guidance for enterprise workers have yet to be fully implemented. For small forest owners, production activities are mainly based on practical experience without training. Therefore, this indicator is assessed as a specified risk.
Detailed description of a mitigation measure
The Company implements a mandatory Annual Training Plan covering forestry legislation, occupational health and safety, environmental protection, SBP requirements, and low-impact harvesting practices. The Company develops and distributes standardized training materials, including visual handbooks and posters, and where appropriate works with village leaders to communicate key messages in local ethnic minority languages. Practical field-based training is provided on chainsaw safety, directional felling techniques, and the proper use of personal protective equipment (PPE), supported by pre- and post-training assessments to evaluate participants' understanding and training effectiveness. The Company further strengthens these measures through its certified sourcing network, with the sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes periodic verification of training records, attendance lists, signed participant registers, and photographic evidence during internal audits, direct observation of harvesting operations to confirm the application of safe working practices, low-impact harvesting techniques, and environmental protection measures, temporary suspension of sourcing from smallholder groups that fail to participate in mandatory training, and retention of training records and competency profiles for a minimum of five years
Detailed description of CB evaluation of mitigation measure and its conclusions

The auditor reviewed the Company's annual training plan, training materials, attendance records, participant assessments, competency records, and supporting documentation maintained for traceability. Interviews with Company personnel and participating smallholders confirmed that regular technical and occupational safety training is delivered in accordance with the Company's procedures and that workers are required to apply the prescribed safety and environmental practices during harvesting operations.

Based on the document review, interviews, and field verification, the auditor concluded that the mitigation measures have been effectively implemented and provide sufficient assurance that the specified risk associated with inadequate training and technical competence has been reduced to Low Risk.

Country
Viet Nam
Area/Sub-Scope
08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)
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
Vietnam has specific legal regulations on implementing protective measures that must be applied to protect the health and safety of workers. Statistics from the Ministry of Labor, War Invalids, and Social Affairs also show that the number of occupational accidents in the forestry industry has been insignificant in the last three years. However, there has been no comprehensive assessment of the implementation of occupational safety and hygiene regulations in forestry, so this indicator is assessed as a specified risk for all subscopes.
Detailed description of a mitigation measure
The Company requires all purchasing contracts with smallholder suppliers to include mandatory provisions for the provision and use of basic personal protective equipment (PPE), including safety helmets, gloves, protective boots, and high-visibility vests, during harvesting operations. The Company also implements mandatory pre-shift safety briefings (toolbox talks) to communicate daily operational hazards, weather conditions, and safe working practices. Harvesting teams are required to maintain accident logbooks to record injuries, first-aid cases, and near-miss incidents, while first-aid and emergency response drills are conducted every 6–12 months in collaboration with local commune health stations. The Company further strengthens these measures through its certified sourcing network, with the sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes unannounced field safety inspections during harvesting operations to verify PPE compliance and working conditions, routine

reviews of accident logbooks and pre-shift briefing records, immediate suspension of harvesting activities where unsafe practices are identified until corrective actions are implemented, and retention of safety audit records, accident logs, and emergency drill documentation for a minimum of five years

Detailed description of CB evaluation of mitigation measure and its conclusions

The auditor reviewed relevant procedures, purchasing contracts, training records, safety inspection reports, accident logbooks, toolbox talk records, and emergency drill documentation, and verified their implementation through interviews and field observations. Based on the evidence reviewed, the auditor concluded that the mitigation measures were effectively implemented and provide sufficient assurance that the specified occupational health and safety risk has been reduced to Low Risk.

Country

Viet Nam

Area/Sub-Scope

08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)

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

Regarding traditional customary ownership, the State always has a preferential policy for local communities and ethnic minorities in granting forest land use rights. The legal use rights according to traditional customs of local communities are also protected by the provisions of the Forestry Law and Circular 28/2018/TT- BNNPTNT, Circular 13/2023/TT-BNNPTNT on sustainable forest management. Still, the identification of forests with significance in customs, practices and beliefs has only been well implemented by forest owners who are state organizations. For forest owners who are private organizations or small forest owners, the identification of forests with significance in customs, practices, and beliefs has yet to be fully implemented or has only stopped at the identification stage without solutions to ensure respect for traditional use rights. Thus, this indicator is assessed as low risk for state organizations and specified risk for private organizations and small forest owners.

Detailed description of a mitigation measure

The Company reviews official land records and requires boundary confirmation from the Commune People's Committee to ensure there are no overlapping claims or conflicts with customary lands before purchasing timber. The Company also conducts structured consultations with village elders, traditional leaders, and ethnic minority representatives to identify forests or areas with cultural, spiritual, or customary significance. Harvesting plans are communicated to local communities in advance, and forest boundaries are physically marked in the presence of neighboring landholders prior to harvesting. Any land parcel found to overlap with customary land claims or containing unresolved cultural or religious sites is excluded from the supply chain. The Company further strengthens these measures through its certified sourcing network, with the sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-

FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes maintaining and periodically reviewing field inspection records and community consultation minutes, updating the database and maps of customary land use within the supply base annually, suspending sourcing from any plot where customary rights grievances are raised until formal mediation and written agreement have been completed, and retaining consultation records and boundary maps for a minimum of five years.

Detailed description of CB evaluation of mitigation measure and its conclusions

The auditor reviewed land verification procedures, community consultation records, boundary maps, grievance records, and supporting documentation, and verified their implementation through interviews with Company personnel and field verification. Based on the evidence reviewed, the auditor concluded that the mitigation measures were effectively implemented and provide sufficient assurance that the specified risk related to customary and traditional use rights has been reduced to Low Risk.

Country

Viet Nam

Area/Sub-Scope

08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)

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

Although Vietnam has regulations related to the mechanism for resolving complaints and disputes over forest ownership and use rights, implementing those regulations and mechanisms is still inadequate and ineffective, so this indicator is considered a specified risk for all sub-scope groups.

Detailed description of a mitigation measure

The Company requires all smallholder suppliers to sign a self-declaration confirming that the forest plot supplying raw materials is free from ongoing legal disputes or ownership claims. Prior to approving suppliers, the Company conducts field verification to identify physical indicators of disputes, such as disputed boundary markers, warning signs, or public objections, and consults with the Commune People's Committee and local land registration authorities to verify whether any land complaints have been formally recorded. The Company also operates a grievance mechanism through a dedicated factory-level hotline and suggestion box, providing communities and smallholders with accessible channels to report concerns or disputes. The Company further strengthens these measures through its certified sourcing network, with the sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes periodic verification of smallholder self-declarations against field inspection findings, systematic recording and follow-up of all grievances in coordination with relevant local authorities, immediate suspension of procurement from any forest plot

subject to an active dispute until formal resolution has been achieved, and retention of grievance records, dispute settlement documentation, and supplier self-declarations for a minimum of five years.

Detailed description of CB evaluation of mitigation measure and its conclusions

The auditor reviewed supplier self-declarations, field inspection records, grievance logs, dispute resolution documentation, and supporting records, and verified their implementation through interviews with Company personnel and field verification. Based on the evidence reviewed, the auditor concluded that the mitigation measures were effectively implemented and provide sufficient assurance that the specified risk related to land ownership and use-right disputes has been reduced to Low Risk.

Country

Viet Nam

Area/Sub-Scope

08 provinces (PT, LC, TQ, QN, BN, LS, CB, TN)

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

Community and stakeholder consultations on forestry plans and planning have been carried out at the national level. However, at the implementation level, community and stakeholder consultations on forest management plans and exploitation plans of forest owners have only been thoughtfully implemented by forest owners who are state organizations. Forest owners who are private organizations and small forest owners often do not fully consult with the community when implementing sustainable forest management plans and do not notify the Forest Protection Department of the exploitation plan and forest product inventory. Therefore, this indicator is considered a defined risk for forest owners who are private organizations and small forest owners.

Detailed description of a mitigation measure

The Company identifies procurement areas where ethnic minority groups (e.g., Muong, Tay, Dao, Hmong, and Cao Lan) are present and develops simplified communication materials on the SBP program using visual aids, local languages, or oral explanations through interpreters where appropriate. The Company implements a formal Free, Prior and Informed Consent (FPIC) process by conducting public village meetings and obtaining documented consent from community representatives and village elders before initiating procurement in new sourcing areas. The Company also ensures that participation is entirely voluntary and that communities have the right to withhold or withdraw consent without coercion or adverse consequences. The Company further strengthens these measures through its certified sourcing network, with the sourcing area located within one of Vietnam's largest FSC and PEFC Forest Management certified regions and its own certified smallholder supply base under FSC FM (GFA-FM/COC-008818) and PEFC FM (GFA-PEFC-FM/COC-500670). Monitoring includes continuous oversight of FPIC implementation across ethnic minority communities, periodic review of village meeting minutes, attendance records, and signed consent

forms, prohibition of procurement expansion into new communities until the FPIC process has been completed and documented, and retention of all FPIC consultation records and consent documentation for a minimum of five years.

Detailed description of CB evaluation of mitigation measure and its conclusions

The auditor reviewed the Company's FPIC procedures, community consultation records, village meeting minutes, attendance lists, signed consent forms, and supporting documentation, and verified their implementation through interviews with Company personnel and relevant stakeholders. Based on the evidence reviewed, the auditor concluded that the mitigation measures were effectively implemented and provide sufficient assurance that the specified risk related to community consultation and the rights of ethnic minority communities has been reduced to Low Risk.