Compliance with the SBP Framework: Public Summary Report

Preferred by Nature OÜ
Evaluation of Hung Nguyet Anh 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:	Hau Nguyen Van
Audit team members:	Ai Pham Thi Ngoc
Name of the Company:	Hung Nguyet Anh Company Limited
Company legal address:	Van Canh town Industrial Cluster Van Canh commune, Gia Lai province, Viet Nam
Company contact for SBP:	Giang Ho Thi Truc
Company contact email:	trucgiangnguyetanh@gmail.com
Company website:	
Date of installation:	
SBP Certificate Code:	SBP-10-90
Date of certificate issue:	30 Jul 2024
Date of certificate expiry:	29 Jul 2029
Audit closing meeting date:	15 May 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):	Ģirts Karss
Date of decision:	03 Jun 2026
Other comments:	N/A

2.2 Open non-conformities and observations

NC number 9425	NC Grading: Minor
Standard:	SBP Standard 1: Feedstock Compliance v2.0
Requirement:	N/A N/A 4 Feedstock sourcing benefits people and communities 41 Decent working conditions are provided, and labour rights are safeguarded. 417 Workers shall have access to health care provisions, sickness benefits, retirement benefits, invalidity benefits, death benefits, and workers' compensation
Description of Non-conformance and Related Evidence:	
For private companies the BP only checks valid FSC FM certificate which partly covers the same issue. BP explained that the private company has valid FSC FM certificate that is enough. The auditor reviewed documents and confirmed that BP hasn't developed enough mitigation measure for this indicator. However, considering that BP has not used FSC 100% feedstock from private company for SBP-Compliant feedstock as well as production for SBP-Compliant biomass. And during the onsite verification, the auditor interviewed the harvesters and local authority and confirmed there is no violation. The issue does not present a significant risk to certification integrity. Therefore, a Minor NCR has been raised.	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open
Original Due Date:	2027-06-03
Closing Date:	N/A
Upgrade Date:	N/A
Update Date:	N/A

2.2 Closed non-conformities

NC number 9331	NC Grading: Minor
Standard:	SBP Standard 1: Feedstock Compliance v2.0
Requirement:	N/A N/A 2 22 Ecosystem productivity, functions, and services are maintained or enhanced. 2211 The impacts of natural processes such as fires, pests and diseases shall be managed.
Description of Non-conformance and Related Evidence:	
Though it was clear that BP took steps to check on the impact of natural processes, but the report was solely mentioned on fire. No such pest and diseases was mentioned. A minor NCR is raised.	
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:	SBR updated
Findings for Evaluation of Evidence:	Regarding NCR 2025-002910, the BP representative lacked mentioning pest and diseases in SBR. They updated SBR with all information of the impact of natural processes such as fires, pets and diseases. The auditor reviewed SBR and confirmed the compliance. Therefore, 2025-002910 was closed.
NC Status:	Closed
Original Due Date:	2027-06-03
Closing Date:	2026-06-03
Upgrade Date:	N/A
Update Date:	N/A

NC number 9332	NC Grading: Minor
Standard:	SBP Standard 1: Feedstock Compliance v2.0
Requirement:	N/A N/A 2 22 Ecosystem productivity, functions, and services are maintained or enhanced. 223 Soil quality in the Supply Base shall be maintained or enhanced
Description of Non-conformance and Related Evidence:	
While reviewing SBP-RRA-AS-VN-FOR v1.0, the risk assessment concluded specified risk related to short forest planting rotation and the widespread burning of vegetation. It was noted that practice of forestry activities within the supply base, the soil was plowed, the stumps were plucked; which may impact negatively the carbon stock below ground; and soil quality; but BP recorded in the SBR that local authorities regularly promoted and encouraged smallholders to clear the roots by digging and hoeing, avoiding burning the ground cover, causing landslides, erosion, environmental pollution and easily leading to forest fires. The auditor considered the risk of negative impact to soil quality and raised a minor NCR for this practice.	
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:	SBR updated, Training record, Monitoring report.
Findings for Evaluation of Evidence:	Regarding NCR 2025-002909, the BP confirmed that she has given incorrect information on SBR. The soil was plowed and/or the stumps were plucked which happened for a small amount of smallholders. BP understands that these activities are not good for environmental values. BP has updated SBR without information and trained the smallholders about that. BP monitors these activities and when they discover in the plantation, soil is plowed and/or stumps are plucked, the BP shall remove them out of its supply chain. The auditor reviewed documents, stakeholder consultation and onsite verification and confirmed the compliance. Therefore, NCR 2025-002909 was closed.
NC Status:	Closed
Original Due Date:	2027-06-03
Closing Date:	2026-06-03
Upgrade Date:	N/A
Update Date:	N/A

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	Trader
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 v1.1 -; 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	- Adding one storage - including EU RED feedstock sourcing requirements: SBP Instruction Document Bridging Requirements for Meeting the Renewable Energy Directive (EU/2023/2413) to the scope

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.

Hung Nguyet Anh Company Limited located at: Van Canh Town Industrial Cluster, Van Canh Commune, Gia Lai Province, Vietnam. Pellets are manufactured at the facility, chipped inside the pellet plant and transported to Qui Nhon Port where they are loaded directly onto the vessel and exported worldwide. One PGid (primary feedstock from Vietnam) under the scope.

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
Hung Nguyet Anh Company Limited	Van Canh Town Industrial Cluster, Van Canh commune, Gia Lai province	Biomass Producer	☒
No.11 warehouse	02 Phan Chu Trinh - Quy Nhon commune, Gia Lai province, Vietnam	Warehouse	☒

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.

The Company is FSC Chain of Custody certified and has used the management and control systems required for these certifications to implement the SBP program. The CoC certificates are for a single site. To ensure traceability and material accounting, BP has implemented a mass balance with 12 months balancing period for SBP claim. Feedstock is sourced either with FSC 100%, FSC CW claims or controlled material evaluated through the Organization's FSC DDS. Feedstock is registered as SBP controlled and SBP Compliant. The whole feedstock originates from plantation in Viet Nam as primary feedstock (Product Group: 10). 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. Pellets are transported by truck to the warehouse in Qui Nhon Port and then, when wood pellets are loaded by trucks and put 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**
1. Preparation	Hau Nguyen Van	2.0
2. On-site (excl. travel time)	Hau Nguyen Van	12.0
3. Report writing	Hau Nguyen Van	4.0
1. Preparation	Ai Pham Thi Ngoc	2.0
2. On-site (excl. travel time)	Ai Pham Thi Ngoc	12.0
3. Report writing	Ai Pham Thi Ngoc	12.0
4. Other	Ai Pham Thi Ngoc	2.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	**Role**	**Qualification**
Hau Nguyen Van	Audit team leader	Hau graduated with a bachelor's degree in Environment and Natural Resource Economic from the University of Agriculture and Forestry of Ho Chi Minh City, Vietnam and Advanced Diploma in Forest Management. He has over 10 years' working experience in Forestry, Community Development, Timber industry and supply chain. Hau is a qualified FSC FM, FSC CoC auditor, FSC trademark agent, PEFC auditor, SBP auditor and has conducted several audits across APAC region. He has worked with Preferred by Nature since November 2020
Ai Pham Thi Ngoc	Audit team member	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 14-17 April 2026 and . 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 14 April 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 day, 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 14 -17 April 2026, 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.
- Visited the external storage sites.
On 15 May 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
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
Acacia plantation, Post harvested site
Rationale and focus of visit

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
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Acacia plantation, Post harvested site

Rationale and focus of visit
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
Acacia plantation, Active harvesting
Rationale and focus of visit
SBP SBE 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
Acacia plantation, Standing tree
Rationale and focus of visit
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 audit 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 based review of information related to suppliers; - a review of SAR, SBR, Master datasheet, invoices; - interviews with staff to evaluate theoretical and practical experience of implementation. Under Standard 1 and EU RED framework and to evaluate company management system a desk revision of evidence and documents was conducted. Additionally, auditor visited a sample of Forest Management units to verify the

compliance with Standard 1 and EU RED framework during the reporting period. During the reporting period, the BP purchased feedstock from 140 suppliers although feedstock had not been used for production of SBP production. Based on that, the auditor apply the formula: 0.6 x square roof of the number of MUs and randomly selected a sample of 08 MUs to conduct forest on site verification including: post harvested site, actively harvesting, standing trees, stream corridor etc that cover SBP Standard 1 "specified risk" indicators as per SBP-RRA-AS-VN-FOR v1.0 and EU RED level B indicators as per SBP-RED-AS-VN-FOR v1.1.

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.

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

Experienced in FM, SBP, FSC CoC + CW certification for years.
• 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-RRA-AS-VN-FOR_v1.0-RRA-for-Vietnam-FOR_Interim. The risk assessment concluded with 15 specified risk indicators 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), 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

☒ N/A – processing residues and/or post-consumer feedstock not used.

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

BP implementsed mass balance module system in which input feedstock data and output biomass are kept track and equivalent.
The COC system is utilized by the FSC COC module, in which CCP is controlled from weighbridge point to biomass storage. Identification signboards in place.
The BP holds cClear, updated documented procedures covering requirements version 2.0 in SBP handbook, training records, internal records,
purchase and sale invoices (FSC claim) are kept and matched with the annual volume summary, business Integrity is documented, RED commitment is signed by Senior management., and Nno SBP claims were used during the reporting period. SEP is established and implemented.

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

Standard 5 and ID5E are included in the scope of certification. The Organization collects and provides data correctly on SAR.
There was no SBP claim on SAR used during the audit period; however, the SBP manager has access to all the required data to communicate further energy and carbon information to customers.

5.13 Summary of audit findings for competency of involved personnel

Personnel performing critical tasks (e.g. quality control, safety, sustainability) meet defined competency standards.

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-RRA-AS-VN-FOR_v1.0-RRA-for-Vietnam-FOR_Interim. The risk assessment concluded with 17 specified risk indicators for private organizations and 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), there are only 13 specified risk indicators.
- The BP sourced primary feedstock with FSC 100% from small forest owners, then focused on the 2.2.1 indicator of SBP standards 1.
- The BP sourced only primary feedstock with FSC 100% from private company, then focused on the 2.2.1, 4.1.7 indicator of SBP standards 1 partially.

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
N/A
Indicator
1.1.1 Operations related to feedstock sourcing and biomass production shall comply with all existing applicable laws and regulations.
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 (| 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
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents. - FSC CW/Controlled material + Land Use Right Certificate or equivalent + The management contract or other agreements with the owner shall indicate clear management rights. + Valid business registration documents shall exist if supplier is company. + Inspections of harvesting sites shall confirm that harvesting takes place within

property limits (including felling, extraction, and log landings).
+ Stakeholder consultation.
+ Site verification

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 (Bảng kê lâm sản 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)/confirmation of Commune People of Committee of suppliers (small forest owner)
2. Field visits were conducted to verify on-site 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

N/A

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

- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents.
- FSC CW/Controlled materials :
+ Document reviewing: Checking land use right certificates (LURCs), land title deeds, or equivalent documents
+ On-site inspection
+ Consultation with relevant parties

Detailed description of CB evaluation of mitigation measure and its conclusions

1. Auditor analyzed a sample of entries received in the reporting period from primary feedstock included Packing list (Bảng kê lâm sản in Vietnamese) purchase documents, delivery notes invoices, origin information in comply with all existing applicable laws and regulations.
2. Field visits were conducted to verify onsite
3. Mitigation found sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
N/A
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
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents. - FSC CW/Controlled materials: + Check CITES and EUTR lists + Consult with relevant parties + Inspect the site to determine if the species to be purchased, or the timber collection area, is on the CITES list to implement appropriate zoning and harvesting methods
Detailed description of CB evaluation of mitigation measure and its conclusions
1. Field visits were conducted to verify on-site 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 measures were found to be sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
N/A
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

- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents.
- FSC CW/Controlled materials:
+ Check land title certificate, land use rights certificate, or equivalent documents
+ Consult with relevant parties

Detailed description of CB evaluation of mitigation measure and its conclusions

1. Map of supply area is available, during interview with local authority they confirmed that the area was allocated for plantation since 2000, then mitigation is accepted.
2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk.

Country

Viet Nam

Area/Sub-Scope

N/A

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

- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents.
- FSC CW/Controlled materials:
+ Consultation with stakeholders
+ On-site inspection of logging operations
+ Interviews with forest owners

Detailed description of CB evaluation of mitigation measure and its conclusions

1. By conducting on-site visits and consultation with local authority and forest protection dept (FPD) and direct interview farmers about soil quality management, the auditor advise that the farmer applied technic of maintenance and actively enhances soil quality by:
- Implement conservation tillage and cover cropping
- Use integrated nutrient management (organic + inorganic)
- Avoid practices that lead to erosion.
2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk.

Country
Viet Nam
Area/Sub-Scope
N/A
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
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents. - FSC CW/Controlled materials: + Consult with stakeholders + Site verification
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 quality and quantity of groundwater, surface water, and water downstream shall be maintained or enhanced, the auditor recognized that: - Avoids harvesting of stumps and roots: No remove stumps and roots for acacia, eucalyptus. 2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk.

Country
Viet Nam

Area/Sub-Scope
N/A
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 zone is still quite common in forests managed by smallholders. Therefore, this indicator is considered a specified risk for smallholder
Detailed description of a mitigation measure
- FSC 100%:FSC FM valid certificate and FSC 100% claim on purchasing documents. - FSC CW/Controlled materials: + Stakeholders consultation + Site checking
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 quality and quantity of groundwater, surface water, and water downstream shall be maintained or enhanced, the auditor recognized that: - The forest owner understands and follows the water management guidelines provided by the group manager. - Site surveys show that river corridors are protected, and native species are planted. - This approach is described in the environmental impact assessment (EIA) of group management 2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk.

Country
Viet Nam
Area/Sub-Scope
N/A
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 yet to have not effectively implemented them.

Detailed description of a mitigation measure

- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents.
- FSC CW/Controlled materials:
+ Consultation with stakeholders
+ On-site inspection of logging sites
+ Interviews with forest owners
+ On-site inspection of planted forests

Detailed description of CB evaluation of mitigation measure and its conclusions

1. On-site visit and stakeholder consultation with local communities and authorities to confirm that fires, pests and diseases at plantations are well managed by small forest owners with strong final support from local authority and BP.
2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk

Country

Viet Nam

Area/Sub-Scope

N/A

Indicator

4.1.6 Working hours shall comply with legal requirements.

Specified risk description

Vietnamese law sets precise requirements for working time and specifies working time monitoring activities. Employers must record and have annual reports on employees' working and rest time. In the case of specific manufacturing industries, working hours are complied with the Collective Labor Agreement. Production activities related to the feedstock of forestry companies, businesses and wood processing companies all comply with legal working hours regulations. According to the reported figures, the implementation of working hours according to regulations in small and medium enterprises is relatively good. In contrast, micro-enterprises do not fully implement the rules on working hours and fair employee wages. Processing enterprises that create waste by-products often violate working hours in the form of overtime, despite the agreement between the enterprise and the employee. Thus, this indicator is assessed as a specified risk

Detailed description of a mitigation measure

- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents and applied SBP benchmarking.

Detailed description of CB evaluation of mitigation measure and its conclusions

1. Auditor checked a sample of entries received in the reporting period from primary feedstock included purchasing documents with FSC 100% and valid FSC certificate.
2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
N/A
Indicator
4.1.7 Workers shall have access to health care provisions, sickness benefits, retirement benefits, invalidity benefits, death benefits, and workers' compensation
Specified risk description
Vietnam has adequate legal regulations and implementation mechanisms to ensure employees have access to health care, sick pay, retirement benefits, disability benefits, death benefits, and workers' compensation. However, the Better World 2023 report also shows that a small number of enterprises do not pay social insurance on time for employees (12%). While state-owned organizations are often required to implement social insurance regimes fully, small private enterprises usually hire seasonal workers. Still, the labour contracts may not include provisions for health care, sick pay, retirement benefits, disability benefits, death benefits, and workers' compensation. Therefore, this indicator is assessed as a low risk for state-owned organizations and a definite specified risk for the private sector
Detailed description of a mitigation measure
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents - Training / Policy/commitment - Raising awareness - Stakeholder consultation
Detailed description of CB evaluation of mitigation measure and its conclusions
1. Auditor checked a sample of entries received in the reporting period from primary feedstock included purchasing documents with FSC 100% and valid FSC certificate. 2. On-site visit and stakeholder consultation with local communities, authorities, and interview directly with workers to confirm that the workers can have access to the working conditions right according to applicable laws. 3. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
N/A

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
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents. - FSC CW/Controlled materials: + Consultation with stakeholders + On-site inspection of logging operations + Interviews with forest owners and logging workers
Detailed description of CB evaluation of mitigation measure and its conclusions
1. The auditor reviews procedures of CH and staff interviews on-site at the plantation camp to confirm that the relevant staff clearly understand of it. 2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk.

Country
Viet Nam
Area/Sub-Scope
N/A
Indicator
4.1.9 Mechanisms shall be in place for resolving grievances and disputes in the workplace.
Specified risk description
Although Vietnam has legal basis and mechanism for resolving labor disputes at work, actual implementation of this complaint mechanism has only well implemented in the state sector and is limited in private sectors, so this indicator is considered specified risk for private company.
Detailed description of a mitigation measure
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents
Detailed description of CB evaluation of mitigation measure and its conclusions
1. Auditor checked a sample of entries received in the reporting period from primary feedstock included purchasing documents with FSC 100% and valid FSC certificate.

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

Country
Viet Nam
Area/Sub-Scope
N/A
Indicator
4.2.1 Negative social and community impacts shall be identified and avoided.
Specified risk description
Identifying and preventing adverse impacts on society and communities in forestry activities have been mentioned in the Forestry Law and Circular 28/2018/TTBNNPTNT and Circular 13/2023/TT-BNNPTNT on Sustainable Forest Management. However, due to the large scale of production, forestry production activities of organizations (state and private) still have negative impacts on the community. For small forest owners, because most forest owners are local people and the scale of production is tiny, there is almost no negative impact on the community. Thus, this indicator is assessed as a specified risk for organizations (state and private) and a low risk for small forest owners.
Detailed description of a mitigation measure
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents and applied SBP benchmarking.
Detailed description of CB evaluation of mitigation measure and its conclusions
1. Auditor checked a sample of entries received in the reporting period from primary feedstock included purchasing documents with FSC 100% and valid FSC certificate. 2. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
N/A
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

- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents
- FSC CW/Controlled materials
+ Consult with stakeholders
+ Interview with local people

Detailed description of CB evaluation of mitigation measure and its conclusions

1. Interviews farmers, local people on-site at the plantation camp, as well as local authorities, to confirm that no adverse impacts occurred.
2. Supplier of the CH also undertakes SIA annually to identify any negative impact for FM.
3. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk.

Country

Viet Nam

Area/Sub-Scope

N/A

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

- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents.
- FSC CW/Controlled materials:
+ Consultation with relevant parties
+ Company complaint procedure

Detailed description of CB evaluation of mitigation measure and its conclusions

1. The auditor reviewed the FMP of the group and confirmed that tenure and use rights

of the forest and other land management practices have been officially indicated in LURC
2. Interviews with farmers, local people on-site at the plantation camp, as well as local authorities confirmed that farmers in the region have granted LURC.
3. CH also undertakes SIA annually to identify any negative impact,
4. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk

Country
Viet Nam
Area/Sub-Scope
N/A
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 exploitation plan and forest product inventory to the Forest Protection Department. 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
- FSC 100%: FSC FM valid certificate and FSC 100% claim on purchasing documents. - FSC CW/Controlled materials: Consultation with stakeholders
Detailed description of CB evaluation of mitigation measure and its conclusions
1. Interviews farmers, local people on-site as well as local authorities to confirm that farmers in the region have granted LURC. 2. FPIC has been in practice for the CH in any proposed and planned activities. 3. Mitigation measures were found to be sufficient to ensure that the feedstock is received as low risk.