Compliance with the SBP Framework: Public Summary Report

Preferred by Nature OÜ
Evaluation of Hue Bioenergy Joint Stock Company

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

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

© Copyright Sustainable Biomass Program Limited 2025

Table of contents

1 Overview **3**

2 Audit conclusions **4**

2.1 Certification decision 4
2.2 Open non-conformities and observations 4
2.2 Closed non-conformities 5
2.3 Actions taken by Organisation Prior to Report Finalisation 5
2.4 Notes for the next Audit 5

3 Scope of the audit and SBP certificate **6**

3.1 Description of the company 7
3.2 Site details 7
3.3 Detailed description of the Chain of Custody system and Product Groups 7

4 Specific objective of the audit **8**

5 Evaluation process **9**

5.1 Timing and duration of evaluation activities 9
5.2 Auditor team qualification 9
5.3 Description of evaluation activities 9
5.4 List of forest management units and feedstock suppliers visited 10
5.5 Describe audit sampling methodology used 14
5.6 CB stakeholder engagement 14
5.7 Stakeholder feedback and response 14
5.8 Main strengths and weaknesses of the management system and operations 14
5.9 Summary of evaluation activities for robustness of the Supply Base Evaluation 14
5.10 Summary of evaluation activities for Processing residues and/or Post-consumer feedstock requirements per Standard 2 and EU RED 15
5.11 Summary of evaluation activities for chain of custody system per Standard 4 15
5.12 Summary of evaluation activities for collection and communication of data per Standard 5 15
5.13 Summary of audit findings for competency of involved personnel 15
5.14 Summary of audit findings for GHG methodology per Standard 6 (if applicable) 15

6 Detailed evaluation of BP's Supply Base Evaluation (if applicable) **16**

6.1 Overview of BP's risk assessments and mitigation measures including EU RED scope 16
6.2 CB evaluation of specified risk indicators and mitigation measures 16

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:	Hoang Thi Nguyen Hai (Trainnee auditor)
Name of the Company:	Hue Bioenergy Joint Stock Company
Company legal address:	Phu Bai Industrial Zone, Phu Bai Ward, 530000 Hue City, Viet Nam
Company contact for SBP:	Nam Nguyen Phuc
Company contact email:	huebioenergy@gmail.com
Company website:	
Date of installation:	31 Jul 2026
SBP Certificate Code:	SBP-10-88
Date of certificate issue:	10 Jul 2024
Date of certificate expiry:	09 Jul 2029
Audit closing meeting date:	04 Aug 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:	28 Oct 2026
Other comments:	N/A

2.2 Open non-conformities and observations

NC number 9872	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody v2.0
Requirement:	1.14 The Organisation shall identify stakeholders, develop, implement, monitor, evaluate and adapt as necessary, a Stakeholder Engagement Plan (SEP) appropriate for their business operations and scope of certification. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The SBP Handbook describes the requirement. During the audit period, BP conducted stakeholder engagement as described in SBR. The company maintains a list of stakeholders and stakeholders report was sighted by the auditor. However, the BP only identified and conducted the stakeholder consultations to the stakeholders who relating to EU RED mitigation measures but did not identify stakeholders appropriate for their business operations (such as local community surrounding factory that may be affected by the operation, etc) and scope of certification. Therefore, a minor NCR 2026-007860 was 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:	2027-10-28
Closing Date:	N/A
Upgrade Date:	N/A
Update Date:	N/A

2.2 Closed non-conformities

2.3 Actions taken by Organisation Prior to Report Finalisation

NA

2.4 Notes for the next Audit

NA

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 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 5E: Collection and Communication of Energy and Carbon data v2.2; Instruction Document Japan: Bridging Requirements for meeting Japanese sustainability, legality and GHG saving requirements v1.2; Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413 v2.0
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)	No
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/	Not applicable
Chain of custody system	☐ Physical separation ☒ Mass balance
Outsourcing	No
Changes in the scope	NA

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.

Hue Bioenergy JSC is located in Phu Bai Industrial Zone, Phu Bai Ward, Hue City, Viet Nam. It started operation since 2020 and been supplying pellet fuels to domestic and foreign countries. BP purchases roundwood from plantations in Viet Nam, mainly in Hue, Quang Tri and uses them as feedstock for pellets production and as biofuel. Pellets could be sold from the gate and Chan May port and Da Nang port to different customers. For material accounting, the Organization applies the Mass Balance chain of custody method. Feedstock types: 1A (forest feedstock)

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
HUE BIOENERGY JOINT STOCK COMPANY	Phu Bai Industrial Zone, Phu Bai Ward, Hue City, 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.

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. BP has implemented a mass balance for SBP claim. Feedstocks intend to source either with FSC 100%, FSC CW or controlled material evaluated through the Organization's FSC DDS certified feedstock. Feedstock is registered as SBP controlled. The whole feedstock originates from plantation in Viet Nam as primary feedstock. No external storage. The company maintains a transparent upstream supply chain for its wood pellet production. - Logistics Management: The transportation of feedstock from the forest to the factory is organized and managed entirely by the forest owners. Suppliers may utilize their own transport vehicles or subcontract to third-party logistics providers. The company's responsibility begins upon the arrival and delivery of the material at the factory gate. - Traceability: Every delivery is strictly monitored at the factory gate. Our staff verifies all forestry and certification documents (FSC claims) to ensure that only compliant material enters the production chain, maintaining 100% traceability. The CoC system is activated immediately once the raw material is accepted at the facility. To prevent any risk of mixing, all SBP production is physically segregated with non-SBP production if any. - Finished wood pellets are transported from the factory gate to Chan May Port and Tien Sa port. - The wood pellets segregated stored in its own warehouse, often for 1 to 3 months, depending on the export schedule. For export, we utilize the port's shore-crane system to load the pellets from the containers directly onto the vessel exported worldwide under FOB.

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 EU RED using SBP-RED-AS-VN-FOR v1.1
• Field inspections to verify the EU RED risk mitigation measures.

5 Evaluation process

5.1 Timing and duration of evaluation activities

Audit Level of Effort (LoE)		
Activity	**Auditors**	**Auditor hours**
1. Preparation	Nguyen Van Hau, Hoang Thi Nguyen Hai	4.0
2. On-site (excl. travel time)	Nguyen Van Hau, Hoang Thi Nguyen Hai	24.0
3. Report writing	Nguyen Van Hau, Hoang Thi Nguyen Hai	12.0
4. Other	Nguyen Van Hau	8.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	**Role**	**Qualification**
Nguyen Van Hau	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, SBP auditor and has conducted several audits across APAC region. He has worked with Preferred by Nature since November 2020.
Hoang Thi Nguyen Hai	Trainee Auditor	Hai holds a Doctoral degree in Environmental Studies and is a qualified auditor for FSC FM and PEFC/VFCS FM certification schemes. She has years of experience in the wood pellet industry, with expertise spanning both production and international trade.

5.3 Description of evaluation activities

The audit was conducted on-site on 08-09 July and 04 August 2026. It was focused on management system evaluation: a division of the responsibilities, record keeping, input material classification (reception and registration), analysis of the existing certification management systems and CoC critical control points, energy and carbon data collection, and communication.
During the opening meeting on 08 July 2026, the audit team was introduced, the certification scope was clarified, information about the audit plan, methodology, auditor qualification, confidentiality issues, assessment methodology, and other applicable Preferred by Nature policies and procedures was provided.

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 09 July 2026, suppliers of primary feedstock (Plantation) and stakeholder consultation conducted to:
- Evaluation of compliance with EU RED requirements.
- During supplier evaluation, the implementation of control measures by BP within the CoC system was evaluated.
On the 04 August 2026, the closing meeting were conducted remotely where 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 person responsible.

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
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
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
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation.

Site name
MU ID: 08
Site location
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
EU RED

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

Site name
MU ID: 09
Site location
Hue City
Site description
Acacia plantation, Post harvested site
Rationale and focus of visit
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: 10
Site location
Hue City
Site description
Acacia plantation, Actively harvesting
Rationale and focus of visit
EU RED
Description of audit activity
Origin confirmation and relevant documentation check to confirm legality. Interviews and observations to evaluate rotation crops procedures, uses of fertilizers, chemicals or pesticides, soil management measures, buffer zones, and site preparation.

Site name
MU ID: 11
Site location
Hue City
Site description
Acacia plantation, Standing tree
Rationale and focus of visit

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 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 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 EU RED framework. During the audit period the BP purchased from 331 Mus, the auditor applies the formular 0.6 x square roof of 331 = 11 Mus, including: post harvested site, actively harvesting, standing trees, stream corridor etc that cover "EU RED indicators.

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 auditing team interviewed the forest owners, local people, harvesters.

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 title deed.
- The land area was planned and used for production.
- There has been no conversion from natural forest to plantation forest since 2008
- There were no serious erosion or landslides recorded in the area.

5.8 Main strengths and weaknesses of the management system and operations

Strengths:
• Experienced in FSC CoC + CW, SBP certification for years.
• Small number of management staff and clearly designated procedures
• Robust recordkeeping system, ensuring transparency
• Experienced and dedicated staff, well planned.

Weakness: The BP have not identified all stakeholders such as local community surrounding factory that may be affected by the operation, etc) and scope of certification (Refer to minor NCR 2026-007860).

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

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

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 implemented mass balance system in which input feedstock data and output biomass are kept track and equivalent.
Positive balances are brought toward the next reporting period.
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 segregated SBP-controlled feedstock physically with non-eligible input if the BP produced non SBP biomass. All non SBP feedstock, biomass, was separately stored and cleaned out before starting the certified production.

The BP has elaborated a system for applied biomass physical segregation and in production and storage facilities and the physical segregation system is considered sufficient in terms of compliance with the SBP standards such as storage, production line is sufficient.

Clear updated 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 no SBP claim during reporting period.

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 biomass sold 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

Staffs are well trained and understand of SBP applicable standards.
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

The Renewable Energy Directive EU/2023/2413 (REDIII) has strengthened the sustainability criteria for forest biomass. The so-called 'no-go areas' for agricultural biomass have been extended to apply to forest biomass as well.
This means that equally strict requirements shall apply to forest and agricultural biomass. As such, the prohibition on harvesting from the 'no-go areas' is now applicable to forest biomass in Level A and Level B countries. When the country in which the forest biomass originates has legislation and enforcement systems in place to ensure that biomass used for energy is not sourced from these areas, then this is considered to be a low-risk situation. In those cases, Article 29 (6) (a) applies, and the relevant installations producing biomass fuels also need to provide a statement of assurance that the forest biomass does not originate from those 'no-go areas'. In other words, this means that it shall be ensured, at the Biomass Producer level, that the supply contracts include restrictions on the origin of the forest biomass (excluding no-go areas).
SBP-RED-AS-VN-FOR v1.1 is developed by The Vietnam Academy of Forestry Sciences (VAFS) covering sustainability criteria at the national level, resulting in several specified risk indicators.

The BP implemented risk mitigation for specified risk indicators: (i) The legality of harvesting operations, (iv) That harvesting is carried out considering maintenance of soil quality and biodiversity in accordance with sustainable forest management principles, that avoids harvesting of stumps and roots, degradation of primary forests, and of old growth forests and harvesting on vulnerable soils, that harvesting is carried out in compliance with maximum thresholds for large clear-cuts and ecologically appropriate retention thresholds for deadwood extraction, (vi)6 Biomass fuel shall not be made from raw material obtained from peatland unless evidence is provided that the cultivation and harvesting of that raw material does not involve drainage of previously undrained soil (vii) That installations producing biomass fuels issue a statement of assurance that the forest biomass is not sourced from the lands referred to in point (vi). The mitigation measures included: onsite verification, document reviewing and stakeholder consultation.

During the audit, the auditor conducted onsite verification, document review and stakeholder consultation and confirmed:
- The plantation was established from the production forest. No conversion from natural forest from plantation observed after 2008.
- No stumps and roots are removed.
- Harvesting conducted manually with hand chainsaw, no log transport during the rainy days helps prevent negative impact to soil. Controlled burning was applied.
- Harvesting conducted manually with hand chainsaw and apply Reduce Impact Logging,
No chemical use, riparian was retained that minimize impact to the soil, water, riparian. No rare species and plants were found in the FMUs.
BP only purchases acacia, eucalyptus woods from forests that are 5 years old or older. After being cleared, these forests will be replanted for a new crop by the forest owners.

6.2 CB evaluation of specified risk indicators and mitigation measures