



NEPCon OÜ Evaluation of Biomass Fuel Vietnam Co., Ltd Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

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Table of Contents

- 1 Overview**
- 2 Scope of the evaluation and SBP certificate**
 - 2.1 Description of the company
 - 2.2 Detailed description of the Chain of Custody system
- 3 Specific objective**
- 4 Evaluation process**
 - 4.1 Timing of evaluation activities
 - 4.2 Description of evaluation activities
 - 4.3 Sampling methodology
 - 4.4 CB stakeholder engagement
 - 4.5 Stakeholder feedback
- 5 Results**
 - 5.1 Main strengths and weaknesses
 - 5.2 Rigour of Supply Base Evaluation
 - 5.3 Collection and communication of data
 - 5.4 Competency of involved personnel
- 6 Review of company's risk assessments**
 - 6.1 Overview of company's risk assessments and mitigation measures
 - 6.2 Specified risk indicators and mitigation measures
- 7 Non-conformities and observations**
- 8 Certification decision**

1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Nikolai Tochilov
Audit team members:	Ho Van Cu
Name of the Company:	Biomass Fuel Vietnam Co., Ltd
Company legal address:	No. 05, Road No.2, VSIP Nghe An Industrial Zone, Hung Tay commune Hung Nguyen district, Nghe An Province, Viet Nam
Company contact for SBP:	Minh Ngo Si
Company contact email:	ns-minh@biomassfuelvn.com
Company website:	N/A
SBP Certificate Code:	SBP-08-38
Date of certificate issue:	22 Apr 2021
Date of certificate expiry:	21 Apr 2026
Audit closing meeting date:	01 Apr 2021
Audit cycle:	Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	<input type="checkbox"/>
Approved Standards:	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4	<input type="checkbox"/>
Includes Supply Base Evaluation (SBE):	No	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	No	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Pellets	<input type="checkbox"/>

Feedstock types:	Primary, Secondary	<input type="checkbox"/>
Feedstock origin (countries):	Viet Nam	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used:	Not applicable	<input type="checkbox"/>
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		<input type="checkbox"/>
Chain of custody system implemented:	FSC: NC-COC-061437	<input type="checkbox"/>
	Transfer	<input type="checkbox"/>

2.1 Description of the company

Biomass Fuel Vietnam Co., Ltd (BMFV, or Biomass Producer, BP), established in 2016, makes business in the field of wood pellets. The factory is located in the Vietnam-Singapore Industrial Park (VSIP), Nghe An Province, Vietnam. The factory is equipped with advanced technology acquired from Europe, total investment is 24,400,000 USD. BMFV aims to produce high quality wood pellets which meet the requirements of targeted markets such as Japan, Korea, and EU. The plant has an annual production capacity of approximately 160 000 tons of wood pellets and they can be shipped through the Cua Lo port worldwide. BMFV is one of the largest wood processors in the region. It does not perform forest operations itself, but uses mostly primary feedstock (roundwood) as well as some share of secondary feedstock (sawdust and wood chips) for pellet production. All feedstock is delivered to the pellet plant by trucks. The pellet plant was officially commissioned in April 2020.

2.2 Detailed description of the Chain of Custody system

BP holds valid FSC CoC/CW certificate

<https://info.fsc.org/details.php?id=a024y00000joIYuAAI&type=certificate>. BP uses primary and secondary feedstock for biomass production which is sourced from the app. 15 suppliers (and app. 20 sub-suppliers) in Vietnam. Transfer system of FSC claims is implemented in CoC management system. Most share of the feedstock used in pellet production is sourced as non-certified and therefore verified by BP against FSC-STD-40-005 requirements for controlled material. Insignificant share of the feedstock may be sourced with FSC claim (as FSC 100%, FSC Mix or FSC Controlled Wood). Non-certified and non-controlled feedstock may also be sourced by BP. In such case, physical segregation of such material will be ensured at all production stages.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis and assessment of compliance with ID 5E.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Nikolai Tochilov	2,0
2. On-site (excl. travel time)	Nikolai Tochilov	21,0
3. Report writing	Nikolai Tochilov	5,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	01 Feb 2021/12:00
<i>Documents review (Procedure, SBR, CoC control system and CCP, management system, legal compliance, EUTR, CF, Radix)</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	01 Feb 2021/12:30

<i>End of the day, preliminary findings communication</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	01 Feb 2021/17:00
<i>Evaluation of compliance with H&S - HR manager interview - Review of H&S instructions and training records</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	02 Feb 2021/12:00
<i>Virtual site tour - Inspection of production facilities (acceptance point, wood yard, pellet production) - Staff interviews and documents review</i>	Desk-based, WhatsApp	Nikolai Tochilov, Ho Van Cu	02 Feb 2021/12:15
<i>Energy use data review (SAR) and staff interview Interview with procurement manager</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	02 Feb 2021/14:30
<i>End of the day, preliminary findings communication</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	02 Feb 2021/16:45
<i>Energy use data review (SAR) and SBP responsible interview</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	03 Feb 2021/14:15
<i>End of the day, preliminary findings</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	03 Feb 2021/16:30

<i>communication</i>			
<i>Energy use data review (SAR) and SBP responsible interview</i>	Desk-based, Skype	Nikolai Tochilov	05 Feb 2021/13:30
<i>End of the day</i>	Desk-based, Skype	Nikolai Tochilov	05 Feb 2021/15:30
<i>Preliminary closing meeting</i>	Desk-based, Skype	Nikolai Tochilov, Ho Van Cu	25 Feb 2021/11:00
<i>Review of the documents provided as corrective actions to potential major non-conformities; interview with SBP responsible</i>	Desk-based	Nikolai Tochilov	25 Mar 2021/10:00
<i>End of review</i>	Desk-based	Nikolai Tochilov	25 Mar 2021/16:00
<i>Closing meeting</i>	Desk-based, Skype	Nikolai Tochilov	01 Apr 2021/14:00
<i>End of evaluation</i>	Desk-based	Nikolai Tochilov	01 Apr 2021/14:30

Auditor qualification

Auditor name	Role	Qualification
Nikolai Tochilov	Audit team leader	Holds PhD degree in Forestry. NEPCon International Senior Auditor. In 2015 he successfully passed SBP auditor training in Tallinn, Estonia. Since that time he has conducted more than 50 SBP

		assessments and annual audits for biomass producers and traders in Russia, Belarus, Latvia, Portugal, Netherlands, Belgium, Germany and Vietnam.
Ho Van Cu	Facilitator, auditor in training	Mr. Cu started to work with NEPCo in August 2019. He has 24 years of experience in the forestry sector in Vietnam and has acted as an FSC FM/CoC auditor in many countries including Vietnam, Laos, Cambodia, Thailand, Malaysia, Indonesia and China. He holds a PhD in Forestry and – before joining NEPCo – worked as Lecturer at Ho Chi Minh City University of Agriculture and Forestry Lam University. As for SBP experience, has passed SBP Auditor Training Programme in 2020 and participated as trainee auditor in 2 SBP assessments in Vietnam.

4.2 Description of evaluation activities

Note: SBP assessment was conducted desk-based by audit team leader, who was assisted onsite by NEPCo local staff representative.

The evaluation visit was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system critical control points as well as GHG data availability.

Description of the audit evaluation:

Due to Covid-19 limitations, onsite assessment could not be conducted by audit team leader onsite. Desk-based assessment started on February 01, 2021 with the opening meeting in Skype with SBP responsible and other staff members of the Organisation.

Audit team leader introduced the audit team, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. During the opening meeting the auditor explained CB's SBP accreditation related issues.

After that, during February 01-03 and 05, 2021 auditor went through all applicable requirements of the SBP standards nr. 2, 4, 5 and instruction document 5e covering input clarification, existing chain of custody and controlled wood system, management system, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP-compliant biomass and SBP-controlled

biomass. Chain of Custody implementation was reviewed focusing in the Critical Control Points, in particular it was verified reception of the material and its classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales. During the process, overall responsible person for SBP system as well as the other staff members involved in SBP certification were interviewed. Virtual site tour (using Whatsapp) with assistance of Mr. Cu was undertaken.

Preliminary findings were summarised and conclusions based on use of 3 angle evaluation method were provided to SBP responsible person and staff members, during the preliminary closing meeting in Skype. Because of Lunar New Year holidays in Vietnam, the closing meeting was postponed to February 25, 2021.

During report preparation, BP has submitted the documented evidences confirming the implementation of the corrective actions against potential major non-conformities communicated at preliminary closing meeting. Auditor has reviewed the provided evidences on March 25, 2021.

Final closing meeting was conducted with BP's higher management and staff members on April 1, 2021.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <https://preferredbynature.org/impartiality-policy>

4.3 Sampling methodology

Staff: all staff members involved in SBP certification have been interviewed by audit team. Onsite visit: audit team have inspected all production facilities included in SBP certificate scope. Documents review: audit team sampled the applicable documents and records related to feedstock inputs, biomass production and sales, and energy use data.

4.4 CB stakeholder engagement

The stakeholder consultation was carried out on November 27, 2020 by sending direct email to different stakeholder categories (totally 20 stakeholders in Vietnam, including governmental organisations, NGOs and associations. No comments from the stakeholders have been received.

4.5 Stakeholder feedback

No comments have been received from stakeholders.

5 Results

5.1 Main strengths and weaknesses

Strengths: Robust recordkeeping system. Transfer system of FSC claims. Limited number of staff members responsible for SBP certification

Weaknesses: Please see NCRs raised during this assessment.

5.2 Rigour of Supply Base Evaluation

Not applicable.

5.3 Collection and communication of data

The following energy sources are used by BP: electricity for pellet production; biofuel for drying the feedstock; diesel for feedstock delivery and handling; diesel for biomass transportation. Energy use data is based on actual consumption values, it was reviewed and accepted by auditor. No non-conformities identified in this relation.

5.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities.

Deputy General Manager has overall responsibility for SBP certification, management and monitoring system and staff training.

Purchasing team is responsible for collecting the information and recording the place of harvesting and transportation distances; identification of the primary wood processor (when applicable) responsible for the supply of inputs; EUTR and DDS implementation; Supply Base Report development and update; handling the complaints. The weighbridge manager is responsible for checking the details on the origin of the feedstock in the packing list for each truck of shipment.

Logistics Manager is responsible for input and output material recording, DTS and completion of SREG (if applicable).

Plant Manager and Accounting Division are responsible for determination and update of the conversion factor.

Plant Manager is responsible for registration of the information related to feedstock and biofuels, electricity and diesel consumption by pellet plant.

Senior Maintenance Staff is responsible for securing occupational health and safety.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

Not applicable.

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000232	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	2 Scope
Description of Non-conformance and Related Evidence:	
<p>This is specified in SBP Procedure, section 3.1.2, that the “Feedstock used for SBP product group of the Company shall conform to the requirements for SBP-compliant feedstock or SBP-controlled feedstock”. BP has furthermore provided the procedure BMFV- SX -SOP- 015, ver. 1, created for front-end loader operator. The procedure describes the process of biofuel amount measurement and delivery to the burner. It is unclear however, if non-certified and non-controlled feedstock may be used or not as biofuel in SBP-certified biomass production.</p>	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Updated SBP Procedure
Findings for Evaluation of Evidence:	<p>Prior to report finalization, section 3.7 (Biomass Fuel Recording) of the SBP Procedure was updated with the relevant requirement: For SBP-certified biomass production, only certified biofuels are accepted and used (FSC Controlled materials or FSC 100%). During communication with the staff members it was confirmed that the requirement is clearly understood. Major NCR 01/21 closed. Please also see major NCRs 03/21 and 04/21 in this relation.</p>
NC Status:	Closed

NC number NC-000233	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.

Description of Non-conformance and Related Evidence:	
The following discrepancies identified in section 2.1 of Supply Base Report: - It is stated that “there is no presence of any CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) or IUCN listed species in BMFV’s supply base areas” – but this is not correct, because in the same section Organisation states that “The supply base is the whole of Vietnam.” - general description of the supply base in terms of socio-economic conditions and profile of adjacent lands is not provided - species mix does not specify Eucalyptus.	
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:	Updated SBR
Findings for Evaluation of Evidence:	Updated version of SBR was provided by BP, and it includes all required information. Minor NCR 02/21 has been closed prior to finalization of this report.
NC Status:	Closed

NC number NC-000231	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures.
Description of Non-conformance and Related Evidence:	
BP has submitted the SBP Management System Procedure (as a basic document related to SBP certification) and several supporting procedures (SOP). There is a number of discrepancies in SBP Management System Procedure, which include the following: - Section 3.1.2: The Company shall define eligible inputs for product groups of SBP-Compliant Biomass or SBP-Controlled Biomass. It is unclear (not specified in the Procedure) what are the eligible inputs for above mentioned product groups. - Section 3.1.5: The Company shall clearly define the requirements for checking of SBP feedstock delivered to the Production Plant following the SBP standard 2 and standard FSC-STD-40-004-V3-0 and request responsible staff to conduct strict supervision once SBP feedstock are delivered to the Production Plant. The requirements are not clearly defined, or not referred to. - Section 3.2: The SBR shall include the organization’s own risk assessment (excluding confidential information). This is not applicable for the Organisation. - Section 3.4.2: BMFV uses only round timber as input material and does not use by-products/residues of other manufacturing processes so this clause shall not be applied. This is not correct, since some share of the secondary feedstock is used by Organisation. - Section 3.5: BMFV shall notify the complainant and our certification body when the complaint is considered to be successfully addressed and closed within 30 days. It is not specified that SBP shall be notified.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Updated SBP Procedure.

Findings for Evaluation of Evidence:	Prior to the report finalization, the BP submitted the updated SBP Management System Procedure, where all identified gaps have been successfully addressed. Major NCR 03/21 has been closed prior to finalization of the report.
NC Status:	Closed

NC number NC-000230	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.7 Relevant personnel shall be informed promptly of any changes to management systems.
Description of Non-conformance and Related Evidence:	
During this SBP assessment, BP consequently submitted to auditor four versions of SBP Management System Procedure (SBP Procedure). All four documents had the same Issuance Number (01) and Revision Number (00). On Control Page of the latest Procedure obtained by auditor it is specified that the Procedure was distributed to involved staff on 01/02/2021, but the Procedure was obtained by the auditor on 06/02/2021. No evidence have been provided to auditor that all involved staff had been trained according to the latest version of the Procedure.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	SBP Procedure (Issuance Number 01, Revision Number 02, effective date 08/03/2021) Documented evidence confirming staff training against the latest version of the SBP Procedure
Findings for Evaluation of Evidence:	Prior to report finalization, BP has provided to auditor the latest version of SBP Procedure (Issuance Number 01, Revision Number 02, effective date 08/03/2021) in order to address the major gaps described in major NCR 03/21. This document, in auditor opinion, includes description of all procedures which needs to be documented by applicant for certification. BP furthermore has submitted the documented evidence that all staff members involved in SBP certification were informed about the latest (final) version of SBP Procedure and about the changes made in the Procedure compared to its first version. Major NCR 04/21 closed by auditor prior to report finalization.
NC Status:	Closed

8 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Pilar Gorriá
Date of decision:	22 Apr 2021
Other comments:	N/A