

**GUIDANCE ON PEFC DUE DILIGENCE SYSTEM (DDS)
IMPLEMENTATION TOOLKIT FOR PLANTATION IN VIETNAM
BASED ON PEFC ST 2002:2020**

DRAFT VERSION FOR PUBLIC COMMENT



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Guidance on PEFC Due Diligence System (DDS) Implementation Toolkit for Plantation in Vietnam based on PEFC ST 2002:2020

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ABBREVIATIONS

CEO	Chief Executive Officer
CITES	The Convention on International Trade in Endangered Species of Wild Fauna and Flora
COC	Chain of Custody
CPI	Corruption Perception Index
DDS	Due Diligence System
EPI	Environmental Performance Index
EU	European Union
FAO	Food and Agriculture Organization
FM	Forest Management
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GD	Guidance
GMO	A Genetically Modified Organism
ILO	International Labour Organization
IWGIA	International Work Group for Indigenous Affairs
NTFP	Non-timber forest product
OM	Operation Manual
PEFC	Programme for the Endorsement of Forest Certification
QMS	Quality Management System
SOP	Standard Operation Procedure
ST	Standard
TI	Transparency International
UN	United Nations
VFCO	Vietnam Forest Certification Office
VFCS	Vietnam Forest Certification Scheme
VNTLAS	Vietnam Timber Legality Assurance System
WI	Working Instruction
WJP	World Justice Project

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I. INTRODUCTION

Vietnam Forest Certification Office (VFCO) has collaborated with experts to develop the “**PEFC Due Diligence System (DDS) implementation toolkit for plantation in Vietnam based on PEFC ST 2002:2020** (hereafter called, the DDS Toolkit).

The DDS Toolkit is developed in the context that PEFC has recently published the 2020 version of PEFC Chain of Custody (CoC) standards and the Guidance 2002:20222, with the acknowledgment that there are some challenges to put PEFC CoC DDS in place for organizations who use uncertified forest and tree-based material from domestic plantations. Therefore, it aims to provide further instructions for organizations in Vietnam on how to implement PEFC CoC DDS for its uncertified sourcing, to use PEFC controlled sources claim for their production or trading activities. This introduction section will cover: the DDS toolkit's purpose, scope, intended users, outputs, disclaimers and its usage suggestion.

1.1. Purpose

The DDS Toolkit intends to help organizations better understand the PEFC CoC DDS requirements for setting up their own management systems that comply with standard requirements and operate their own DDS practically and cost-effectively.

The DDS Toolkit provides:

- instructions for each step of the DDS process, such as setting up the management system, access to information, risk assessment, management of significant risk supplies, substantiated concerns, and no place on the market.
- basic documentation with Policy, Operation Manual, Standard Operating Procedures (SOPs) and Working Instruction templates that the organization can use and adapt.

1.2. Scope

The DDS toolkit covers all activities of the timber and non-timber forest product (NTFP) supply chain from the uncertified plantation in Vietnam only.

The organization may use materials with different claims, for example, VFCS FM certified, PEFC X% certified, PEFC controlled sources, recycled materials, FSC certified, or FSC controlled wood, or uncertified. However, as per PEFC requirements, all materials, except material covered by a compliant CITES permit CITES, and PEFC recycled materials, must go through the PEFC DDS process. Even though input material received under a PEFC certified claim or a PEFC controlled sources claim from a supplier with a valid PEFC chain of custody certificate is exempt from the risk assessment, which is only one step of the DDS process.

This DDS toolkit **covers only materials that come from Vietnamese plantations which are not certified by any third-party certification system.**

As the PEFC DDS is an integral part of the PEFC Chain of Custody standard, it must be a part of the organization's PEFC Chain of Custody certification.

1.3. Intended users

This DDS toolkit is developed especially for primary producers, defined as organizations buying forest and tree-based materials directly from forest landowners. Some examples are wood chip producers, sawmills, or natural rubber traders, or natural rubber processing factories used raw materials from their own rubber plantation. These primary producers can procure uncertified materials from their own plantations, traders, or directly from forest owners (smallholders or companies).

Key characteristic of these users is that they are close to the material sources; therefore, the DDS implementation can be straightforward. For the supply chains with multiple intermediate suppliers, the same DDS principles can be applied, but it would be more complex.

This DDS toolkit applies to the organization that want to put into place the PEFC DDS to identify, assess and manage significant risks originating from controversial sources for potential uncertified materials or supply areas within its specific scope **prior to** any purchasing and harvesting activities.

1.4. Outputs- PEFC controlled sources

The key output of applying the PEFC CoC DDS process is the material with the PEFC controlled sources claim. PEFC controlled sources refers to materials for which an organization has determined through its Due Diligence System that there is “negligible risk” that the material is from controversial sources.

PEFC controlled sources demonstrate to the organization’s customers that there is negligible risk of controversial sources of wood or non-wood in their supply chain.

PEFC controlled sources can be mixed with PEFC certified materials to make up the non-PEFC certified component of the certified product when the percentage or credit methods used; or to be sold as PEFC controlled sources materials.

1.5. Disclaimer

It’s important to note that, this DDS Toolkit:

- is an informative guide, developed by Vietnam Forest Certification Office. It does not provide new requirements for implementing the PEFC Chain of Custody standard. All conformity assessment activities must be carried out against **PEFC ST 2002:2020 standard**.
- must not be seen as a third-party or national risk assessment to implement the organization’s PEFC Chain of Custody DDS. The organization takes its ultimate responsibility to conform with the Due Diligence System and Chain of Custody requirement as per **PEFC ST 2002:2020 standard**.
- is an evolving document. It will be periodically reviewed and updated based on feedbacks received from stakeholders, experts and interested parties; and new interpretations and clarification on **PEFC ST 2002:2020** which PEFC Council would provide from time to time.

1.6. How the toolkit can be used and its documentation structure

The toolkit should be adapted it to its existing management system, such as the organization Chain of Custody manual or procurement procedures. It should not be used as a stand-alone document.

The toolkit will be structured into 5 levels as per the ISO quality documentation structure (see **Figure 1** below).

Level 1: The Organization Policy

- The organization policy is a public commitment that the organization will ensure their management system complies with the standard.
- The policy should be signed by the senior management such as Director, Chairman, CEO, or Board of Director.
- It should be made publicly available (for example display it in the organization’s premises (office, processing sites), website, and communicate it to all related stakeholders.

Figure 1. Quality documentation structure (ISO)



Level 2: Operation Manual

- For small size organization, it may be sufficient to have the operational manual covering all DDS related elements.
- For the organization with a more complex management system, it may require additional Standard Operating Procedures (SOP) and Working Instruction (WI).
- The Operation Manual, therefore, can be used as a stand-alone document or be an incorporating part of the existing management system of the organization, such as: Chain of Custody manual, Wood supply or Appendix to harvesting contracts.

Level 3: Standard Operating Procedure (SOP): In this toolkit, it proposes 2 procedures:

- **SOP#01:** Risk assessment, that covers step 1 (Access to information) and step 2 (Risk assessment) of the DDS process
- **SOP#02:** Management of Significant Risks that covers step 3 of the DDS process

Level 4: Working instruction: provides instructions & forms that the organization can use for specific operations or control points.

Level 5: Records and Forms: includes maps, databases so that management can review the effectiveness of the management system.

II. THE ORGANIZATION POLICY

Having the written PEFC Chain of Custody Policy is a required element of the PEFC CoC certification. Its policy must cover the DDS part.

The Policy#01- DDS elements to be included in the organisation Chain of Custody's provides some important elements that the organization can refer to.

III. OPERATION MANUAL

The operation manual should fit into your organization. Small organization can document the entire Quality Management System (QMS) in one manual, that covers the management system for PEFC CoC certification including the DDS component. Large organizations may

have several operation manuals, therefore, the PEFC CoC certification would be documented in a separate manual. For the DDS implementation purpose, it should include key elements as below.

3.1. Normative references

PEFC ST 2002: 2020, Chain of Custody of Forest and Tree Based Products – Requirements

PEFC GD 2001:2022, Chain of Custody of Forest – Based Products – Guidance for Use

3.2. Terms & References

Table 1. Definition and references

Term	Definition & Reference
Chain of Custody	Processes of an organization for handling forest and tree-based products and information related to their material category, and making accurate and verifiable PEFC claims
Controversial sources	It is defined as per PEFC ST 2002:2020 (requirement 3.7) as forest and tree-based material sourced from activities that: <ul style="list-style-type: none"> a) Doesn't comply with local, national and international legislation b) Long term provision of products is not ensuring c) Doesn't contribute to the maintenance, conservation, or enhancement of biodiversity d) Ecologically important forest areas are not identified, protected, conserved or set aside e) Forest conversion occurs, unless justified circumstances f) The spirit of the ILO Declaration on Fundamental Principles and Rights at works is not met g) The spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met h) Conflict timber i) Genetically modified trees <p>Note: requirement b, d and e): Not considered “controversial sources” are such activities in short rotation forest plantations with harvesting cycles under 35 years, that are on agricultural land.</p>
Corruption Perception Index (CPI)	https://www.transparency.org/en/cpi/2021
Due Diligence System (DDS)	A framework of procedures and measures, namely information gathering, risk assessment and risk mitigation, implemented by an organization to reduce the risk that forest and tree-based material originates from controversial sources
Environmental Performance Index (EPI)	https://epi.yale.edu
Non-Timber Forest Product (NTFP)	Goods of biological origin other than wood derived from forests, other wooded land and trees outside forests (VFCS/PEFC ST 1003:2019).
Other material	Material category for forest and tree-based material for which an organization has not determined through its Due Diligence System that there is “negligible risk” that the material is from controversial sources.
PEFC Controlled Sources	Material category covering forest and tree-based material for which an organization has determined through its Due Diligence System that there is “negligible risk” that the material is from controversial sources. <p>Note “PEFC controlled sources” is also the PEFC claim that may be used for material from this material category (requirement 3. 28, PEFC ST 2002:2020)</p>
Substantiated Concerns	Information supported by proof or evidence, indicating that forest and tree-based material originates in controversial sources

Term	Definition & Reference
Transparency International (TI)	https://www.transparency.org
Vietnam Timber Legality Assurance System (VNTLAS)	http://en.vntlas.org
World Justice Project (WIP)	https://worldjusticeproject.org
Useful websites	www.thuvienphapluat.vn - Vietnamese Legislation www.botanyvn.com – Vietnam Plant Data Center https://towardstransparency.org – Toward Transparency, the Transparency International (TI)'s National Contact in Vietnam https://www.euflegt.efi.int/vietnam - Vietnam - EU Voluntary Partnership, EU FLEGT Facility IUCN Red List of Threatened Species in Vietnam: https://cites.org/eng/parties/country-profiles/vn The United Nations Security Council fact sheet publication on UN sanctions The Indigenous people in Vietnam: https://iwgia.org/en/vietnam/4659-iw-2022-vietnam.html?highlight=WyJ2aWV0bmFtliwidmldG5hbSdzll0

3.3. Human resources & responsibility

The organization should indicate persons who are in charge of technical content of this Operation Manual.

For the DDS implementation purpose, the organization establishes a Due Diligence System (DDS) implementation team. The DDS team should comprise competent personnel to perform, implement, maintain and revise of its DDS and PEFC CoC. Their responsibility related to the DDS implementation must be specified.

Some criteria to be considered while selecting members of the DDS team:

- Have skills and experiences in appraisal activities who have been trained according to PEFC ST 2002:2020
- Have forestry technical expertise related to forestry certifications and are knowledgeable and up-to-date with applicable forestry law requirements
- Have skills and experiences in buying and selling raw materials and are knowledgeable about the sourcing areas
- Have good understanding of Vietnamese laws and regulations, and issues related to human resources

The DDS implementation team can include external technical expert(s) who can provide consultation, advice on the DDS implementation program.

Training program for the DDS team must be included in the overall PEFC CoC training program of the organization.

Table 2. List of the organization's DDS implementation member

Position	Job Description	Responsibility related to DDS implementation	Name	Contact information
		Approve		
		Review, revise, inspect, supervise		
		Implement		

3.4. PEFC DDS process for uncertified materials

Principally, for organizations who want to purchase and use uncertified materials for the product groups which are under its PEFC CoC certification scope, they must put into place the PEFC DDS program to identify, assess and mitigate risks originating from controversial sources for those materials prior to any purchasing activities.

The conformance of the organization's DDS must be audited and verified by a third party certification body. All risk management methods must be in place to manage identified risks, and to ensure the risks that materials under the DDS scope originating from controversial sources are negligible.

The organization's DDS scope must be defined and documented in a written document. It includes all potential suppliers and geographical areas of potential supplies. In principle, there is no limitation to the size of the area and it can be changed, e.g., villages, districts, provinces, etc.

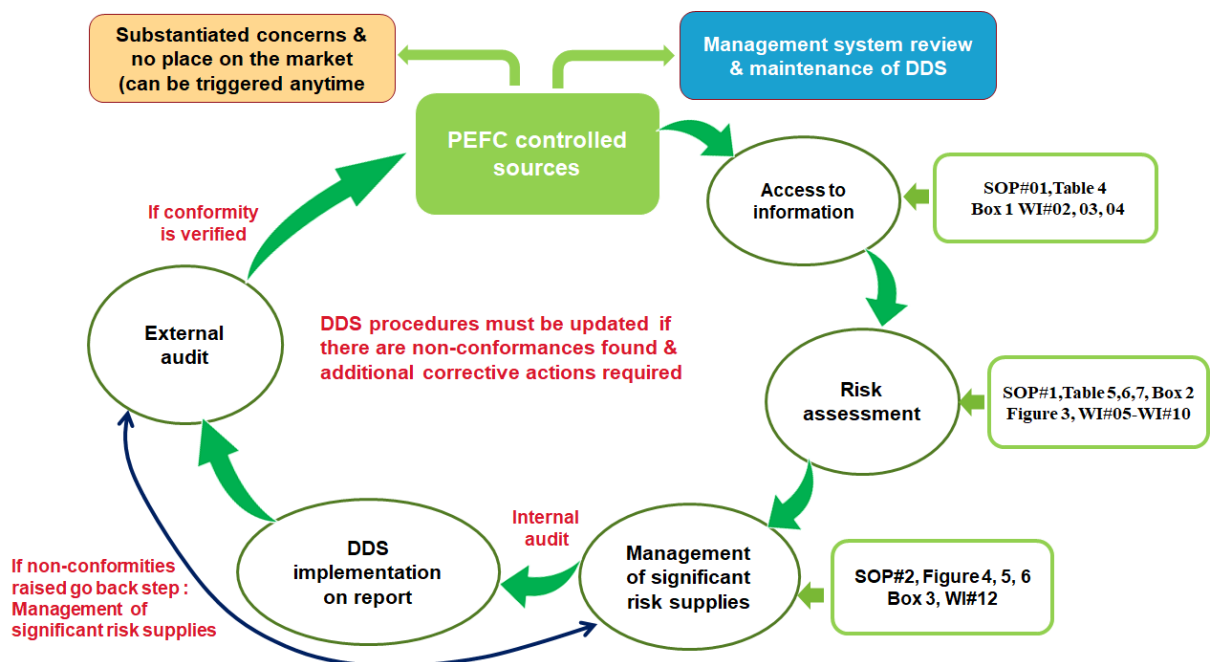
For the organization, who sets up the PEFC CoC DDS system for its uncertified sourcing areas, the process includes:

1. Access to Information
2. Risk Assessment
3. Management of significant risk supplies

Additionally, substantiated concerns and its subsequence of no place on the market can be triggered anytime as long as the organization PEFC CoC certificate is still valid.

The organization also needs to conduct the internal audit prior to the external audits which is implemented by a third-party certification body. A DDS implementation report can be prepared prior to the external audit.

Figure 2. Summary of a typical PEFC DDS processes



3.5. Applicable references (SOPs and Working Instructions)

The following SOPs and WIs in Table 3 are developed for applicable references.

Table 3. Applicable references

Name	Policy/ Working Instruction
Organization Policy	Policy#1- DDS elements to be included in the organisation Chain of Custody's Policy
Operation Manual	WI#01- List of the organization's DDS Implementation Members
SOP#01 Risk Assessment	WI#02- Supply chain management matrix
	WI#03-Letter to suppliers
	WI#04- Supplier Consent and Declaration Form
	WI#05-Packaging list for households and company
	WI#06 - List of Applicable Vietnamese Laws
	WI#07-List of stakeholders for consultation and the result summary
	WI#08- Consultation letter
	WI#09-Suggested Interview Questions
	WI#10-Consultation slip
SOP#02 Management of significant risks	WI#11-The DDS program implementation Report

3.6. Procedures

SOP#01: Risk assessment – see section IV

SOP#02: Management of significant risk supplies – see section V

IV. STANDARD OPERATION PROCEDURE - SOP#01- RISK ASSESSMENT

The SOP#01 covers 2 steps of the DDS process, including Access to (gathering) information and Risk assessment.

4.1. Access to information

Access to information or gathering information is to gain adequate information, which is crucial for an effective DDS implementation process for uncertified material. This is because collected information will be used for other following steps of the DDS, such as identification, specification and assessment of risks at origin and supply chain levels; establishment of corrective measures to manage significant risks. Information can be gathered from other publicly available sources, or provided by direct and or indirect/previous suppliers.

The terms “gathering information” and “access to information” are used indistinctively through the standard to name the same step of the DDS.

It is not required for the organization to possess all information at this step, rather, the organization needs to have a procedure, such as a written agreement to ensure the suppliers' commitment to provide information when requested. The detailed information from selected suppliers is usually required in the steps: risk assessment and management of significant risk supplies.

When sourcing from countries which the Corruption Perception Index (CPI) or World Justice Project (WJP) score is lower than the threshold, like Vietnam, it is highly recommended to look ahead in **the Table 2 and Table 3, Appendix 1, PEFC 2002:2020** (equivalent to Table 6, Table 7, in this document) in order to collect any additional information that is usually required

for the risk assessment and management of significant risk supplies at the later stage of the DDS implementation.

Table 4. Steps to Access to information

No.	Steps	Some guiding notes	Form
1	Establish & regularly update a list of potential suppliers and supply areas that will be included under the organization DDS	<ul style="list-style-type: none"> ● In order to record all potential suppliers and supply areas, the organization maps all potential direct suppliers and previous suppliers in the supply chains. For example, if the organization purchases materials from traders who buy material from forest owners; the traders (direct suppliers) and forest owners (previous supplier) should be mapped out. All traders have to provide the list of all forest owners that would supply materials which will be used under the organization's PEFC CoC product groups. ● These potential suppliers and supply areas must belong to the organization DDS scope that has been specified in the previous step. 	WI#02 , Supply chain management matrix. The sections I, II, III are relevant.
2	Establish procedure ensuring supplier's commitment in providing required information when requested	<ul style="list-style-type: none"> ● The supplier letter must be sent to all potential suppliers (direct and previous) at the beginning of the DDS process to request for their cooperation and to commit to provide information, ● Direct suppliers need to work with their own suppliers to provide information if they do not possess such information, when requested ● The organization ensures that it receives a written confirmation from suppliers that they agreed to provide required information, and/or communicate the request to their suppliers if applicable. ● The WI#03 must be sent with the WI#04 	WI#03 , Letter to supplier, sent together with Policy#01 & WI#04
3	Collect the Supplier's consent & Declaration Form	<ul style="list-style-type: none"> ● The organization must collect all the filled forms of the WI#4, Supplier's consent and Declaration Form from all direct & previous suppliers. ● The WI#04 lists out some key information that may be collected for the risk assessment and risk management steps. It is not necessary for the organization to collect all that information from every single supplier at this step. The information in the section VI-A, and VI-B of the WI#04, will be collected from selected suppliers and forest owners who are identified delivered significant risk supplies based on the sampling method. If the organization procures material from traders, the traders must collect all documents of their selected suppliers mentioned in the section VI-A and VI- B of the WI#04 as per the sampling methods, as requested. ● The required documents can be provided in paper or electronic version e.g, picture or scan) 	WI#04 , Supplier Consent and Declaration Form

No.	Steps	Some guiding notes	Form
Box 1. How to identify name of tree species potentially included in the supply areas			
Tree species to be planted in forestry land are required to comply with the Vietnam's regulation. The list of forestry tree species for reforestation is provided in Circular 22/2021/TT-BNNPTNT dated 29 December 2021 of Ministry of Agriculture and Rural Development ¹ . This list provides 30 tree species for forest planting, including fast growing tree species, native trees and mangroves species. The list of tree species is shown below and it is noted that the list can be reviewed and updated.			
No.	Species name in Vietnamese	Scientific name	
1	Bạch đàn camal	<i>Eucalyptus camaldulensis</i> Dehnh	
2	Bạch đàn lai	<i>Eucalyptus</i> hybrid	
3	Bạch đàn urô	<i>Eucalyptus urophylla</i> S.T.Blake	
4	Keo tai tượng	<i>Acacia mangium</i> Willd	
5	Keo lá tràm	<i>Acacia auriculiformis</i> A.Cunn. ex Benth	
6	Keo lai	<i>Acacia</i> hybrid	
7	Keo lười liềm	<i>Acacia crassicarpa</i> A.Cunn. ex Benth	
8	Mỡ	<i>Mangletia conifera</i> Dandy	
9	Bồ đề	<i>Styrax tonkinensis</i> Piere	
10	Sa mộc	<i>Cunninghamia lanceolata</i> (Lamb.) Hook	
11	Sao đen	<i>Hopea odorata</i> Roxb	
12	Dầu rái	<i>Dipterocarpus alatus</i> Roxb	
13	Thông mã vĩ	<i>Pinus massoniana</i> Lamb	
14	Thông ba lá	<i>Pinus kesiya</i> Royle ex Gordon	
15	Thông nhựa	<i>Pinus merkusii</i> Junght. et de Vries	
16	Thông caribê	<i>Pinus caribaea</i> Morelet	
17	Lát hoa	<i>Chukrasia tabularis</i> A.Juss	
18	Lim xanh	<i>Erythrophloeum fordii</i> Oliv	
19	Giổi xanh	<i>Michelia mediocris</i> Dandy	
20	Vối thuốc	<i>Schima wallichii</i> Choisy	
21	Bời lời đỏ	<i>Litsea glutinosa</i> (Lowr) C.B.Rob	
22	Trôm	<i>Sterculia foetida</i> L	
23	Quế	<i>Cinamomum cassia</i> Presl	
24	Hồi	<i>Illicium verum</i> Hook.f	
25	Mắc ca	<i>Macadamia integrifolia</i> Maid. Et Betché	
26	Sơn tra	<i>Docynia indica</i> (Wall) Dec	
27	Trám trắng	<i>Canarium album</i> (Lour) Raeusch	
28	Trám đen	<i>Canarium tramdenum</i> Dai &Ykovl	
29	Tràm lá dài	<i>Melaleuca leucadendra</i> L	
30	Tràm cừ	<i>Melaleuca cajuputi</i> Powell	
31	Đước đôi	<i>Rhizophora apiculata</i> Blume	
32	Bần chua	<i>Sonneratia Caseolaris</i> (L.) Engl	

4.2. Risk assessment

4.2.1. General

Risk assessment is the second step in the DDS. It aims to assess the risk of potential materials that would be procured and used under the organization PEFC CoC certification's scope, originate from controversial sources at the origin and supply chain levels.

PEFC ST 2002:2020 requires that risk assessment must be conducted for all inputs from forest and tree-based material covered by the organization's PEFC chain of custody, with the exception of materials/products delivered with:

¹ This policy can be updated an amended by the Government

- A PEFC certified claim or a PEFC controlled sources claim from a supplier with a valid PEFC CoC recognized certificate. This is because these materials can be considered as having “negligible risk” of originating in controversial sources, provided that there is no substantiated concern.
- Being exempt from the risk assessment does not mean that these materials are exempt from the PEFC DDS as a whole. All other requirements of Appendix 1, PEFC ST 2002:2020 still apply, when relevant.

Therefore, this toolkit does not explain how to do risk assessment for procuring material with a PEFC claims or with another third-party certification claim (e.g., FSC), rather it explains how the risk assessment should be conducted for materials origin from Vietnamese plantations which are not certified against any third-party forest certification system.

Area risk assessment:

The organization can apply the risk assessment for the whole potential supply areas (or Area Risk Assessment) if these supply areas cover suppliers sharing the same:

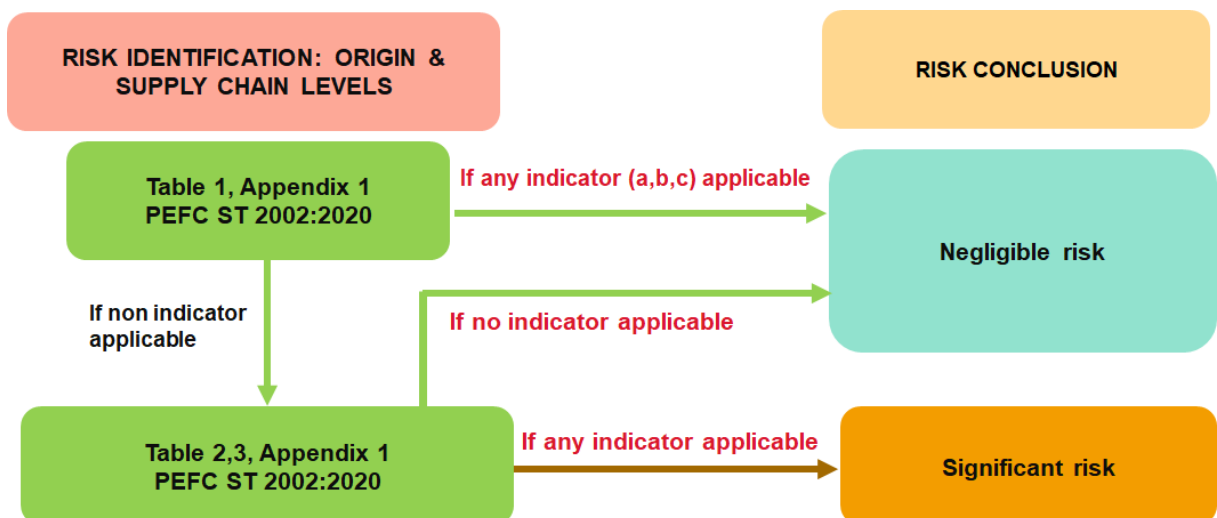
- characteristics listed in **requirement 2.1, Appendix 1, PEFC ST 2002:2020** (similar species or group of similar species, same harvesting country/region) and
- applicability of indicators according to **Table 1, 2 and 3, Appendix 1, PEFC ST 2002:2020**.

In such case, the geographical area on which the risk assessment is based should be clearly defined. In principle, there is no limitation to the size of the area of risk assessment as long as all the area represents consistent risks. For example, the area could be a certain region within one country, or several villages, communes, districts or provinces.

The standard sampling principle maybe used, such as the one described in the On-site inspection section.

The risk assessment can be divided into two consequent steps: **risk identification and risk conclusion (Figure 3)**. This process should be completed principally based on the three tables presented in the **Appendix 1, PEFC ST 2002:2022**. The organization can use other methods to specify risks at the supply chain and harvesting levels, such as stakeholder consultation. As the result of this process, risks of materials originating from controversial sources can be concluded as negligible or significant.

Figure 3. Two risk assessment steps for uncertified material from Vietnamese plantation



The basic flow of the risk assessment:

- The organization can start to assess the indicate a) and b) of the Table 1, Appendix 1 (equivalent to Table 5 in this document). If these indicators are not applicable, the organization should move to indicator c).
- In order for **indicator c** to be applicable, all five **sub-indicators i-v** must be fulfilled. If any sub-indicator is not met, meaning that indicator c is not applicable. For uncertified material from Vietnam, the indicator c is currently not applicable as the sub-indicator i) is not met due to the **Vietnam's CPI/WJP** index is smaller than the thresholds. As the CPI/WJP index may change from time to time, the organization must check it whenever the organization implements its DDS. Justification of whether this indicator c applicable or not is made by the organization.
- If the supply meets any indicator (a, b or c) in Table 1, the risk of the materials from controversial sources can be concluded as **negligible**, therefore, no further action needs to be taken, unless there is substantiated concern raised.
- Conversely, if neither of indicator a, b, c in the Table 1, is applicable, the organization should move to **Table 2 and Table 3, Appendix 1, PEFC ST 2002:2020** (equivalent to Table 6 and Table 7 in this document) to assess **significant risks** at the origin and supply chain levels.

The frequency of the risk assessment:

- Risk assessment of the suppliers/supply areas must be **reviewed** annually if there is no change of suppliers, supply areas occurred.
- Risk assessment of the suppliers/supply areas must be **revised** annually if there are changes occurred, such as new suppliers, new supply areas, new tree species, new type of product, a crisis or war in the region from where the material is supplied. These new suppliers or supply areas and associated information must be recorded into the WI#02, Supply chain Management Matrix. The revision of risk assessment must be done prior to the next audit and it must be verified by the certification body during their next audit.

4.2.2. Risk identification

The organization needs to identify risks of potential procuring material origin from controversial sources at two levels: origin and supply chain as per three tables listed in the **Appendix 1, PEFC ST 2002:2020**. The sources of risks can be various depending on species, geographical location, type of products or supply chain's complexity.

At the origin level, risks can be identified at different levels, such as country, region or sub-national (e.g. province) and Forest Management Unit (FMU). The risk identification should therefore look closely at the controversial source's definition, defined at the **requirement 3.7, PEFC 2002:2020** (see Table 1 in this document). They can be grouped into activities that are illegal and unsustainable.

It is noted that the requirement **3.7.b,d,e, PEFC 2002:2020** may not be applicable unless the plantation rotation is longer than 35 years which could be the case for pine or rubber.

At the supply chain level, risk can be related to the process of trading, storage, transporting of the materials throughout the supply chain.

4.2.3. Risk conclusion

The organization records its conclusion of the risk level for each indicator of each element in the **Table 2 and Table 3, Appendix 1, PEFC ST 2002:2020** (equivalent to Table 6 & Table 7 in this document), as "negligible" or "significant". Where more than one indicator is listed per element, all indicators should be applied. The indicators that are concluded as "**significant**" need to be managed in the following step, Management of significant risk supplies.

If any of indicators of the [Table 2 and Table 3, Appendix 1, PEFC ST 2002:2020](#) is concluded as significant risk, the overall risk level of these potential suppliers and supply areas must be concluded as significant.

4.2.4. Risk assessment for uncertified material from Vietnamese plantation: suggestions for Interpretation, risk conclusions and recommendations to manage significant risks

To start with, the organization can use the Table 1, List of indicators for negligible risk, Appendix 1, PEFC ST 2002:2020. The Table 5 below includes the indicators mentioned in the Table 1 of the standard, and some interpretations for Vietnamese uncertified sources are provided.

Table 5. Interpretation of negligible risk indicators at origin and supply chain level based on Table 1, Appendix 1, PEFC ST 2002:2020

Indicator of Table 1, Appendix 1, PEFC 2002:2020	Interpretation for uncertified material from Vietnamese plantation
<p>a) Supplies declared as certified against a forest certification system (other than PEFC endorsed), addressing the activities covered by the term controversial sources, supported by a forest management, chain of custody or fiber sourcing certificate issued by a third-party certification body.</p>	<ul style="list-style-type: none"> ● As the scope of this DDS covers only for materials that come from Vietnamese plantations which are not certified by any third-party certification system. Therefore, this indicator is not applicable ● Note: if the input material is certified against other third-party certification, such as FSC, this indicator can be applicable. The organization should be able to provide evidence that the certification scheme includes: <ul style="list-style-type: none"> - third party certification of forest management or chain of custody which covers activities defined by the term controversial sources. To do so, the organization should conduct a gap analysis between the PEFC definition for controversial sources and the third-party certification coverage of this term, according to its requirements; and, - a verification mechanism that non-certified raw material does not originate from controversial sources where percentage-based claims apply - Ensuring the claim is valid - The organization accepting the material has the final responsibility to ensure that the accepted PEFC non-endorsed certification scheme meets the requirements for negligible risk. The certification body needs to consider the above as part of the audit.
<p>b) Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification systems, addressing the activities covered by the term controversial sources.</p>	<ul style="list-style-type: none"> ● The organization needs to check if the existing Vietnam Timber Legality Assurance System (VNTLAS) or other DDS programs applied. ● The organization should be able to provide evidence on the scope of the verification or licensing mechanism. To do so, organizations should conduct a gap analysis between the PEFC definition for controversial sources and the verification or licensing coverage of this term, according to its requirements ● The organization accepting the material has the final responsibility to ensure that the accepted these governmental verification or licensing mechanism meets the requirements for negligible risk. This is to be considered by the certification body during the audit.
<p>c) Supplies supported by verifiable documentation that clearly identifies:</p>	<p>i) check the latest available CPI/WJP index for Vietnam, CPI: www.transparency.org WJP: https://worldjusticeproject.org</p>

<p>i. country of harvest and/or sub-national region where the timber was harvested, where the latest Transparency International (TI) Corruption Perception Index (CPI) score is higher than 50, or where the latest World Justice Project (WJP) Rule of Law Index is higher than 0.5, and</p> <p>ii. trade name and type of product as well as the common name of tree species and, where applicable, its full scientific name, and</p> <p>iii. all suppliers within the supply chain, and</p> <p>iv. the forest area of the supply origin, and</p> <p>v. documents, including contractual agreements and self-declarations, or other reliable information indicating that products do not originate from controversial sources.</p> <p>The TI CPI is presented at https://www.transparency.org/</p>	<p>ii) identify product type and species' name. This can use the information in the Step: Access to information, Table 4</p> <p>iii) identify and map all suppliers in the supply chain, which is explained in the step: Access to information, Table 4</p> <p>iv) identify the forest location where the materials/products are harvested. It is explained in the step: Access to information, Table 4</p> <p>v) It is less likely applicable if the country's CPI/WJP is lower than the threshold.</p>
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Table 6 and Table 7 below provide some interpretations of the **Table 2 and Table 3 in the PEFC ST 2002:2020**, with some recommendations to manage significant risk supplies for the uncertified sources in the Vietnam context. The organization may justify the level of risk for each indicator in the column: risk conclusion

- Table 6 presents significant risk indicators at the origin level such as national, sub-national or forest management unit;
- Table 7 lists significant risk indicators at the supply chain level, such as trading, transportation, and storing.

Table 6. Interpretation & Recommendation to manage significant risks at the origin level, Table 2, Appendix 1, PEFC ST 2002: 2020

Indicators from Table 2, appendix 1, PEFC ST 2002:2020	Interpretation	Risk conclusion	Recommendations for managing significant risks if applicable
a) Activities not complying with applicable local, national or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for indigenous peoples, local communities or other affected stakeholders; health, labour and safety issues; anticorruption and the payment of applicable royalties and taxes.			
i. The latest Transparency International (TI) Corruption Perception Index (CPI) score of the country is lower than 50 or the latest World Justice Project (WJP) Rule of Law Index of the country is lower than 0,5.	<ul style="list-style-type: none"> • Check the CPI for Vietnam here: www.transparency.org to see if it is higher or lower than 50? • Check World Justice Project (WJP) index for Vietnam here https://worldjusticeproject.org to see if it is higher or lower than 0.5 • When CPI=50 the index can be considered over 50. • When WJP=0,5 it can be considered over 0,5. • When the two indices are at odds, it is sufficient that one indicator needs to be met. 	Negligible or Significant	<ul style="list-style-type: none"> • Provide a List of applicable law and legislation that the organization is committed to (form WI#06) - List of Applicable Vietnamese Laws. The organization must keep it updated regularly. • Report of stakeholder consultations, on-site inspection on these specific issues covered the potential suppliers and supply area • Relevant documents if the supply areas are owned/managed by the organization itself • Sustainable forest management plan which covers: <ul style="list-style-type: none"> ▪ <i>forest operations and harvesting, including biodiversity conservation and conversion of forest to other use; management of areas with designated high environmental and cultural values; protected and endangered species, including requirements of CITES (if with a CITES license exempt)</i> ▪ <i>Health and labor issues relating to forest workers</i>
ii. The country/region is known as a country with low level of forest governance and law enforcement.	<ul style="list-style-type: none"> • Some examples of information sources that organization can refer to: <ul style="list-style-type: none"> - The Governance of Forests Initiative (GFI) Indicator Framework 	Negligible or Significant	<ul style="list-style-type: none"> ▪ <i>Indigenous peoples' and third parties' property, tenure and use rights</i> ▪ <i>Payment of taxes and royalties</i> ▪ <i>Trade and customs, in so far as the forest sector is concerned</i>

	<p>(www.wri.org/research/assessing-forest-governance)</p> <ul style="list-style-type: none"> - Environmental Investigation Agency (www.eia-international.org) - Global Witness (www.globalwitness.org) - FLEGT country profiles (https://flegtimm.eu/country-profiles/) - FLEGT Voluntary Partnership Agreement Library (CIFOR) - Anti-Corruption Knowledge Hub (Transparency International) - Forest Governance and Legality (Chatham House) 		
iii. Tree species included in the material/product is known as species with prevalence of activities covered by the term controversial sources (a) or (b) in the country/region.	<ul style="list-style-type: none"> • Can use the IUCN Red List of Threatened Species CITES.org to check if the concerned species belong to the Red List 	Negligible or Significant	<ul style="list-style-type: none"> • If the sourcing species is included in the IUCN Red List, the organization should provide evidences from stakeholder's consultation to verify if these tree species are being grown in the supply areas and if it is known as species with prevalence of activities covered by the term controversial sources 3.7(a) and 3.7(b) in the region or not?
iv. The country is covered by UN, EU or national government sanctions restricting the export/import of such forest and tree-based products.	<ul style="list-style-type: none"> • Check if Vietnam is included under the list of countries sanctioned against import/export: Compendium of UN SC Sanctions – List 	Negligible or Significant	<ul style="list-style-type: none"> • The organization may print this list with the latest updated version, to prove whether Vietnam belongs to the list or not.
<p>b) Activities where the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained or harvesting levels exceed a rate that can be sustained in the long term.</p> <p><i>Note: It is not applicable for short-rotation plantation (less than 35 years) on agricultural land</i></p>			
i) According to publicly available data, such as FAO Forest Resource Assessments, the amount of annual harvest of industrial round-wood exceeds the amount of annual increment	<ul style="list-style-type: none"> • One of reference is FAO Global Forest Resources Assessment, check to see if the annual harvest of industrial round-wood is higher than the amount of annual increment of growing stock of the country/region 	Negligible or Significant	<ul style="list-style-type: none"> • If the country level information is sufficient to conclude the risk level of this indicator is negligible, the organization doesn't have to prove anything further. If the risk level couldn't conclude at the country level, the organization has to go to supply area level, such as province. In this case, they can provide: <ul style="list-style-type: none"> ▪ Plantation design document

<p>of growing stock of the country/region of origin.</p>	<ul style="list-style-type: none"> • Check the FAO Country report-Vietnam, where information of annual growing stock can be found • Check national growing data from most recent national forest inventory programs and/or published articles and research reports. • Check other national documents (journal articles, research reports etc.) 		<ul style="list-style-type: none"> ▪ Harvesting plan ▪ Sustainable forest management plan (already mentioned in the indicator a, this table) ▪ WI#10 – Consultation Slip where information provided by the provincial/district authority prove that at the concerning provinces/districts, annual harvesting of industrial round-wood does or does not exceed the amount of annual increment of growing stock.
<p>c) Activities where forest management does not contribute to the maintenance, conservation or enhancement of biodiversity on landscape, ecosystem, species or genetic levels.</p> <p>d) Activities where ecologically important forest areas are not identified, protected, conserved or set aside.</p> <p><i>Note: the element d, is not applicable for short-rotation plantation (less than 35 years) on agricultural land</i></p>			
<p>i. The Environmental Performance Index (EPI) score for “Biodiversity & Habitat” of the country is lower than 50. Where no EPI index exists for a certain country, other indicators may be utilized, such as legislation addressing controversial sources elements c and d, combined with evidence of reliable enforcement of legislation (TI CPI score >50, or WJP Rule of Law score > 0.5).</p>	<ul style="list-style-type: none"> • Check the score “Biodiversity & Habitat” from publicly information on https://epi.yale.edu/epi-results/2022/country/vnm for Vietnam. Is the score lower or higher than 50? • When EPI=50 the index can be considered over 50. 	<p>Negligible or Significant</p>	<p>Can provide:</p> <ul style="list-style-type: none"> • Plantation design document • Environmental impact assessment (if applicable) • Sustainable forest management plan which covers forest operations & conservation plan & implementation report
<p>e) Activities where forest conversions occur, in other than justified circumstances where the conversion:</p>			
<ul style="list-style-type: none"> i. is in compliance with national and regional policy and legislation applicable for land use and forest management; and ii. does not have negative impacts on ecologically important forest areas, culturally and socially significant areas, or other protected areas; and iii. does not destroy areas of significantly high carbon stock; and makes a contribution to long-term conservation, economic, and/or social benefits. 	<p>Negligible or Significant</p>	<ul style="list-style-type: none"> • If there is forest conversion happening in concerned supply areas after the harvesting, the organization provides the proof & evidences to fulfil the sub-indicators i-iii. • It is important to note that: there is different between the concept forest conversion under PEFC ST 2002:2020 and the cut-off date in the PEFC ST 1003:2018. While forest conversion is one of indicators under PEFC controversial sources definition, there is no cut-off date applied for material under the PEFC CoC certification. This means, if 	

<p><i>Note: It is not applicable for short-rotation plantation (less than 35 years) on agricultural land</i></p>		<p>the plantation is legally established after the cut-off date mentioned in the PEFC Sustainable Forest Management benchmark (31st December 2010), the material from such plantation can be considered as PEFC controlled sources if it has been gone through the organization's DDS and it is found that there is a negligible risk that the material comes from controversial sources.</p>	
<p>i. The country/region has been identified as having had a net loss of forest area >1% over the most recent ten years of available data, according to publicly available data or information, such as provided by the FAO.</p>	<ul style="list-style-type: none"> Check publicly available information such as FAO Global Forest Resources Assessment to see if Vietnam has net loss of forest area higher than 1%? <p>The organization can refer to the table A1, page 142. Vietnam has a net change 2010-2020 = +0.90%</p>	<p>Negligible or Significant</p>	<ul style="list-style-type: none"> Additionally, the organization can use WI#10- Consultation slips where provincial authorities provide information to confirm if the net loss of forest is higher or smaller than 1%. If the net loss at the provincial level is smaller than 1%, this can be concluded as negligible risk.
<p>ii. In the country/region the net area with conversions from forests to forest plantations exceeds the forest area increase of the country/region, according to publicly available data or information, such as provided by the FAO.</p>	<ul style="list-style-type: none"> Check publicly available information such as FAO Global Forest Resources Assessment, to verify if Vietnam has the net area with conversion from forests to forest plantations is higher than the forest area increase of the country. <p>Refer to table A1, p.142, and Table A3, p.156 FAO Global Forest Resources Assessment</p>	<p>Negligible or Significant</p>	<ul style="list-style-type: none"> Additionally, the organization can use WI#10- Consultation slips where provincial authorities provide information to confirm whether or not the net area with conversions from forests to forest plantation exceeds the forest area increase of the province. If it is lower, this indicator can be concluded as negligible risk. If it is higher, it has to go to forest level to assess associated risks.
<p>f) Activities where the spirit of the ILO Declaration on Fundamental Principles and Rights at Work (1998) is not meet</p>			
<p>i) Substantiated studies demonstrate that the ILO Declaration on Fundamental Principles and Rights at Work (1998) is not respected in the country.</p>	<ul style="list-style-type: none"> Check from publicly information on are there substantiated studies demonstrate that ILO Declaration on Fundamental Principles and Rights at Work (1998) is respect or in Vietnam Although Vietnam has ratified the ILO Declaration, there are still one fundamental convention and one Governance convention that Vietnam have not ratified: <p><u>C087 - Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) and</u></p>	<p>Negligible or Significant</p>	<p>The organization can provide:</p> <ul style="list-style-type: none"> a list of applicable law and legislation that the organization is committed to (Form WI#06) List of workers, payroll, Proof of if there is child labor used or not. WI#10, Consultation slip

	C129 Labour Inspection (Agriculture) Convention, 1969 (No. 129)		
g) Activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met.			
i. Substantiated studies demonstrate that the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met in the country.	<ul style="list-style-type: none"> Check from publicly information on are there substantiated studies demonstrate that the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is met or in Vietnam Some references: <ul style="list-style-type: none"> International Work Group for Indigenous Affairs (IWGIA) Legal Framework And Constitutional Recognition Of Indigenous Peoples (FAO) Special Rapporteur on the rights of indigenous peoples (UN) 	Negligible or Significant	<p>Can provide:</p> <ul style="list-style-type: none"> Indigenous peoples' and third parties' property, tenure and use rights: circular/policies to support indigenous people, WI#10, Consultation slips, confirmed stakeholder's feedback on whether or not the organization, suppliers comply to the legislation on this regard, any recorded of violence with the indigenous community have been occurred and how they have been handled
h) Conflict timber.			
i. The country / region has a prevalence of armed conflict according to publicly available data sources such as Fragile State List.	<ul style="list-style-type: none"> Both sources can be used: the Fragile State List (which is called the World Bank Fragile State List) and https://fragilestatesindex.org/ 	Negligible or Significant	<ul style="list-style-type: none"> The organization can print the list as an evidence
i) Genetically Modified Tree			
i According to publicly available data genetically modified forest and tree-based organisms are produced in the country/region and placed on the commercial market.	<ul style="list-style-type: none"> Check with Vietnamese policies regarding the GMO and List of GMO plants and trees if they are available. Look for reliable sources to prove that there is no GMO used for commercial for forest and tree-based species in Vietnam 	Negligible or Significant	<ul style="list-style-type: none"> The organization should consult with relevant organizations, e.g. research institute to get their confirmation that the generations that the forest owners used are not GMO.

Table 3. Interpretation & Recommendation to manage significant risks at the supply chain level, Table 3, Appendix 1, PEFC ST 2002: 2020

Indicators from Table 2, appendix 1, PEFC ST 2002:2020	Interpretation	Risk conclusion	Recommendations for managing significant risks if applicable
a) Countries/regions where the products have been traded are unknown.	<ul style="list-style-type: none"> The products come from Vietnam so it is known 	Negligible or Significant	Can provide: <ul style="list-style-type: none"> WI#02, Supply chain management matrix
b) Species in the product are unknown	<ul style="list-style-type: none"> Identify the species are included or potentially included, in the sourcing region, as described in the Box 1 	Negligible or Significant	Can provide: <ul style="list-style-type: none"> WI#05, Packing List (Circular No. 27/2018/TT-BNNPTNT effective January 1, 2019) WI#04, Supplier Consent & Declaration Form
c) Evidence of illegal practices concerning controversial sources by any company in the supply chain.	<ul style="list-style-type: none"> Identify all companies, suppliers potentially included in the supply chain and check for their compliance or non-compliance from publicly information, and through the organization's verification program (e.g stakeholder consultation) 	Negligible or Significant	Can provide: <ul style="list-style-type: none"> WI#02, Supply chain management matrix, with updated information after completing the risk management program WI#04, Supplier Consent & Declaration Form WI#10, Consultation slip

The organization can use the stakeholder consultation approach to collect additional information which are critical for the DDS process. This method can be done for the entire sourcing areas. Additional information collected during this process, can help the organization to:

- conclude the risk level of each indicator during the risk assessment step.
- verify information which has been provided by suppliers
- establish appropriate corrective measures to manage significant risks
- resolve the substantiated concerns if raised

More information can be found in the Box 2.

Box 2. Stakeholder consultation

In practice, the stakeholder consultation usually is utilized at various stages of the DDS process, such as Access to information, Risk Assessment, On-site inspection. The organization can use this method for the entire sourcing regions, or on the sampling basis to collect information of selected suppliers or forest owners.

Some key steps:

1. Establish the list of stakeholders for consultation, WI#07

- Based on information of suppliers and supply areas which are collected from the step Access to information, form WI#02, the DDS team will prepare a list of stakeholders for consultation (WI#07).
- All related stakeholders in the supply areas under the organization DDS, should be included, such as NGOs, governmental and non-governmental agencies who are in charge of issues such as social, economic and environmental in the sourcing area.
- The list of stakeholders for consultation can be designed in a way that can be able to make a summary of the consultation result.

2. Conduct stakeholder consultations

- The stakeholder consultation can be conducted directly by interviewing or indirectly by using the consultation letter.
- Direct consultation: the consultation is conducted by directly interviewing with stakeholders. It aims to gain some additional information of specific risks in the supply area, and also for specific suppliers, such as forest owners and traders. These suppliers are chosen based on the sampling method. The DDS team can refer to the WI#09, Suggested interviewing questions. The questions are suggested for each group of stakeholder categories, such as: forest owners, forest rangers, local people, local authorities, Department of Agricultural and Rural Development (DARD), Forest Protection Department, or Department of Environment and Natural Resources. The list of interviewing questions should be revised by the organization, based on the specific risks of the sourcing areas that have been identified in the Risk assessment step, and the common knowledge of relevant risks for the areas. The interview result is recorded as per the form WI#10, Consultation slip.
- Indirect consultation: the consultation letter should be sent to all related stakeholders in all supply areas (commune, district, province). The DDS team can use the WI#08- Consultation letter. There are some guiding questions for stakeholders to response. The list of questions should be revised by the organization, based on the specific risks of the sourcing areas that have been identified in the Risk assessment step, and the common knowledge of relevant risks for the areas.

There is no principal rule to decide which consultation methods applied for which group of stakeholders. The organization can consider:

- Consultation letter can be used for stakeholder at the provincial and district level
- Direct interview can be conducted for stakeholders at the commune and village levels
- Sometimes, information needs to be crossed check with different stakeholders
- The organization should base on their knowledge and experience of the supply area, and specified risks that have been identified in the risk assessment step to have a list of specific issues that need to be consulted with each group of stakeholders

The DDS team should observe the plantation status, harvesting sites, plantation sites, surrounding areas, etc., to determine if the information provided by stakeholders is accurate.

V. STANDARD OPERATING PROCEDURE, SOP#02, MANAGEMENT OF SIGNIFICANT RISK SUPPLIES

This SOP#02 covers:

- Procedures of how to manage significant risk supplies
- How substantiated concerns can be handled
- The organization DDS program implementation report for the external audit

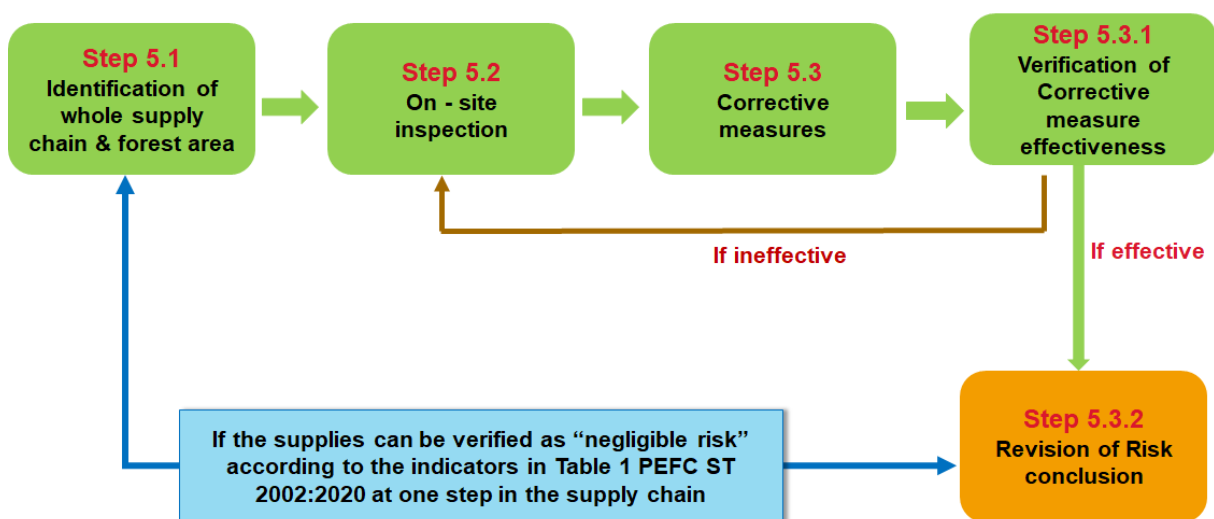
The management of significant risk supplies is mandatory if the organization wanted to procure those supplies for the production groups under the organization's PEFC CoC.

The risk assessment in the previous step will have revealed specific areas of significant risks. The purpose of the Management of significant risk supplies is to revise the risk level from significant to negligible of these supplies through the risk verification program. It can be conducted either by the organization itself, or on behalf of the organization by a contracted consultant (second party), or an independent third party.

The risk verification program has three main steps below (see **Figure 4**):

- 5.1. Identification of the whole supply chain & forest areas of the supply's origin
- 5.2. On-site inspection
- 5.3. Corrective measures
 - 5.3.1. Verification of Corrective Measure effectiveness
 - 5.3.2. Revision of Risk Conclusion

Figure 4. The risk verification program



5.1. Identification of the whole supply chain and forest area(s) of the supply's origin

This step aims to define the origin and suppliers (direct and indirect/previous) of each supply that is classified as having significant risks.

Suppliers are defined as independent entities who provide (sell and deliver) input materials to the certified organizations. Suppliers include:

- Direct Supplier provides (sells and delivers) materials to the certified organization directly
- Indirect or previous Supplier (hereafter is called previous supplier) is organization or individual that lies further up the supply chain and serve as suppliers to the Direct Supplier.

It is possible for a supply chain to have several levels of direct and previous suppliers between the certified organization and the Origin of its supplies.

- Forest owner/manager – who manages the original source for the material. They can be direct or previous suppliers depending on the supply chain.

The information must be collected for:

- the origin: the forest area from which supplies originate. At the root of every forest product supply chain lies a forest area, which is the “origin” of the tree-based material (the “supply”).
- the whole supply chain – including direct suppliers and previous suppliers.

This activity usually has been partly done in the step Access to information (see **Table 4, SOP#01**). The organization can refer to **WI#02-Supply chain management matrix**.

The detailed information collected for the whole supply chain in this step may be used to evaluate against the indicators in **Table 1, Appendix 1, PEFC ST 2002:2020** (equivalent to Table 5, in this document), potentially allowing a re-classification as “negligible risk”. In cases where the supplies can be verified as “negligible risk” according to the indicators in **Table 1, PEFC ST 2002:2020**, at one step in the supply chain; and in the absence of substantiated concerns – the following steps, on-site inspection (5.2) and corrective measures (5.3), may no longer be applicable (see Figure 4). However, as indicated by the scope of this DDS, as the targeted materials are not certified, and Vietnam’s CPI/WJP index is currently lower than the threshold, therefore, this re-classification may not be applicable for the moment. When the re-classification is not possible, the organization has to move to following steps: Executing on-site inspection (5.2) and implementing corrective measures (5.3).

5.2. On-site inspections

On-site inspections are required unless the organization can demonstrate that equivalent information can be acquired through document review, and is sufficient to provide confidence in subsequent conclusions about risk classification and the implementation of corrective measures.

- Some types of risks can be verified through a documentation review, such as payment of royalties, work contract.
- Others must be verified by visiting the sourcing sites, such as plantation borders, working condition, health and safety or negative impacts of harvesting activities on environment and communities.
- In many cases, a combination of different risk mitigation actions is required to ensure effective risk managements, such as: child labor usage

On-site inspection may have several objectives, to:

- Verify the absence or presence of non-compliances which are identified during the risk assessment step.
- Verify if agreed risk management measures (see more in the Corrective measures step) have been implemented effectively and identified risks have been managed appropriately, which would allow the organization to classify the supply as having “negligible risk”.

On-site inspection (and subsequent Corrective Measures) should be directed at the specific findings of significant risks in the previous steps.

- For Supply Chain risk, on-site inspections should be focused on the direct and previous suppliers who constitute the “supply chain” where significant risk is identified. Risk indicators in Table 3 are used to evaluate against.
- For Origin risk, on-site inspections should be focused on the forest area (or origin) where significant risk is identified. Risk indicators in Table 2 are used to evaluate against.

The inspection team must have appropriate competence in the subject matters relevant to the specific risks, for instance local business, cultural and social customs, human resources, health and safety, applicable treaties, conventions legislation, governance and law enforcement relevant to what types of significant risks from controversial have been identified in the previous steps. If the DDS implementation team members are not competence for those identified risks, the organization should engage external consultants to support them to carry out this step.

The term “supplies” is used here to indicate sources of input materials, with similar risk classification, that require evaluation within the verification program.

Sampling requirements should be applied differently for Supply Chain and Origin risk.

FOR SUPPLY CHAIN RISK:

- Identify all Supply Chain segments (i.e., “supplies”), with significant risk, for inclusion in the verification programme.
- If several Supply Chain segments (supplies) are shown to have similar risk indicators, they may be stratified for sampling according to sampling metrics in this indicator.
- Supply Chain segments selected for sampling must include all suppliers (direct and previous) who have custody or control of the material between its origin and the certified organization. Table 3 indicators are relevant to the evaluation.

FOR ORIGIN RISK:

- Identify all Origins (i.e., forest areas) with significant risk, for including in the risk verification programme.
- If several Origins (forest areas) are shown to have similar risk indicators, they may be stratified for sampling according to the sampling metrics in this indicator.
- Forest areas (Origin) are evaluated according to Table 2 indicators.

The size of the annual sample is at least the square root of the number of “significant” risk supplies per one year: ($y=\sqrt{x}$), rounded up to the nearest whole number. Where the previous on-site inspections proved to be effective in fulfilling the objective of this document, the size of the sample may be reduced to $y=0.8 \sqrt{x}$, rounded up to the next whole number. In addition, the site inspection should include a representative of the suppliers who is responsible for management in order to assess management and compliance with regulations. **See example in the Box 3.**

The organization records the results of the on-site inspection into the **section IV.4, WI#02.**

The organization should inspect the sites at any time, either regularly or unplanned basis, and take corrective and preventive measures when necessary.

Once the sampling is identified, the organization will collect all necessary information from the selected suppliers and forest owners. List of key information can be found in the WI#04. Once the information is received, the organization should:

Evaluate the received information:

It is important to evaluation information and document received from suppliers

Some key questions can be used to ask while evaluating documents

- Can the document provide help to adequately identify the suppliers? Or their plantation?
- Can validity of the document be verified?
- Is the document useful for controversial sources assessment?
- Is plantation boundary document clear?
- Did the direct suppliers/traders provide a full list of their suppliers?

Request additional information:

If any information is lacking or any suspicious about information that may not enable an effective risk management, the organization must request for additional information from its suppliers.

Maintain suppliers' document record:

The organization should create and maintain a dossier for each and every suppliers & their plantation which have been selected under the risk verification program.

Each dossier must have a checklist to ensure the dossier's completeness and/or any following up action required.

It should also record identified risks for that supplier/supply area, risk management actions, inspection date (if it is conducted) and risk conclusion.

Use and update section IV, WI#02.

Box 3: Example of determining the number of samples for on-site inspection for the first year

Case 1: The organization is going to sources material from 5 direct suppliers, who are traders. Each direct supplier has 4 previous suppliers. Each previous supplier purchases material from 4 forest owners. After the risk assessment step, the potential supplies are identified as having significant risks from controversial sources at both Origin and Supply chain levels. All forest owners come from the same country, with the same group of species (Acacia, Eucalyptus), and have the same risk indicators as per Table 2, and Table 3, PEFC ST 2002:2020

- Sampling size at the Origin level:
 - As all forest owners under the organization's DDS scope, have similar characteristic as per requirement 2.1 and similar risk indicators as per Table 2 and Table 3, therefore, each forest owner is considered 1 supply
 - Total sampling will be $=\sqrt{(5*4*4)} = \sqrt{80} = 8.9$, round up to the nearest whole number= 9

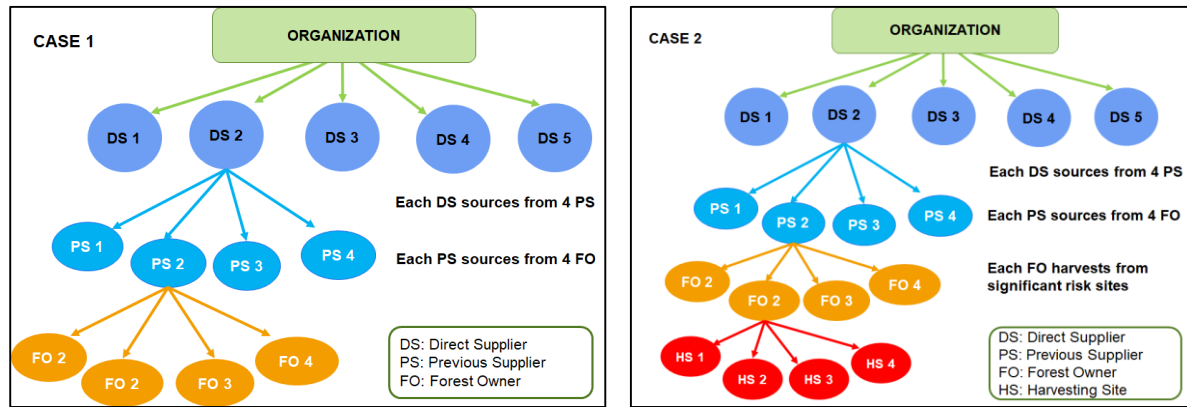
- Sampling number at the Supply chain level:
 - Direct suppliers: $=\sqrt{5} = 2,23$, round up to the nearest whole number= 3
 - Previous suppliers: $=\sqrt{(5*4)} = \sqrt{20} = 4.7$, round up to the nearest whole number= 5
 - Total sampling for both direct and previous suppliers from the supply chain level: $(2+5) = 7$

Case 2: The organization is going to sources material from 5 direct suppliers, who are traders. Each direct supplier has 4 previous suppliers. Each previous supplier purchases material from 4 forest owners. Each forest owner harvests from 5 significant risk sites per year. These significant harvesting sites come from the same country, with the same group of species but they don't present the same risk indicators as per Table 2 and Table 3, PEFC ST 2002:2020. After the risk assessment step, the supply chain is identified as having significant risks from controversial sources at both Origin and Supply chain levels.

- Sampling number at the Origin level will be:
 - Each significant risk harvesting site will be considered 1 supply.
 - Total sampling will be $=\sqrt{(5*4*4*5)} = \sqrt{400} = 20$

- Sampling number at the supply chain level will be
 - Direct suppliers: $=\sqrt{5} = 2,23$, round up to the nearest whole number = 3
 - Previous suppliers: $=\sqrt{(5*4)} = \sqrt{20} = 4.7$, round up to the nearest whole number = 5
 - Total sampling for both direct and previous suppliers from the supply chain level will be $(2+5) = 7$

Figure 5. Visualization of case 1 and case 2 for organization's sourcing



5.3. Corrective Measures

Corrective Measures are required to mitigate or avoid non-conforming situations and reduce the risk of controversial sources from significant to negligible. The corrective measures should be developed and implemented for nonconformities (major and minor) and observations which have been specified in the previous step.

- Major nonconformities are defined at [requirement 3.5, PEFC ST 2002:2020](#)
- Minor-nonconformities are defined at [requirement 3.6, PEFC ST 2002:2020](#)
- Observations are defined at [requirement 3.7, PEFC ST 2002:2020](#)

FOR ORIGIN RISK:

- Corrective Measures should focus on mechanisms which provide assurance of that the illegal and unsustainable materials defined by PEFC as controversial ([see 3.7 & Appendix 1, 3.5, Table 2](#)) are appropriately avoided by forest owners and managers.

FOR SUPPLY CHAIN RISK:

- Corrective Measures should focus on mechanisms which provide assurance of integrity and transparency within the supply chain ([see 3.7 & Appendix 1, 3.5, Table 3](#)).

The details of appropriate Corrective Measures will, in every case, vary according to:

- The difference between Supply Chain risk and Origin risk
- The specific indicators of significant risks that are identified in the previous steps, risk assessment and the risk verification programme.

The organization must collaborate with suppliers and forest owners/managers in order to implement such corrective and preventive measures.

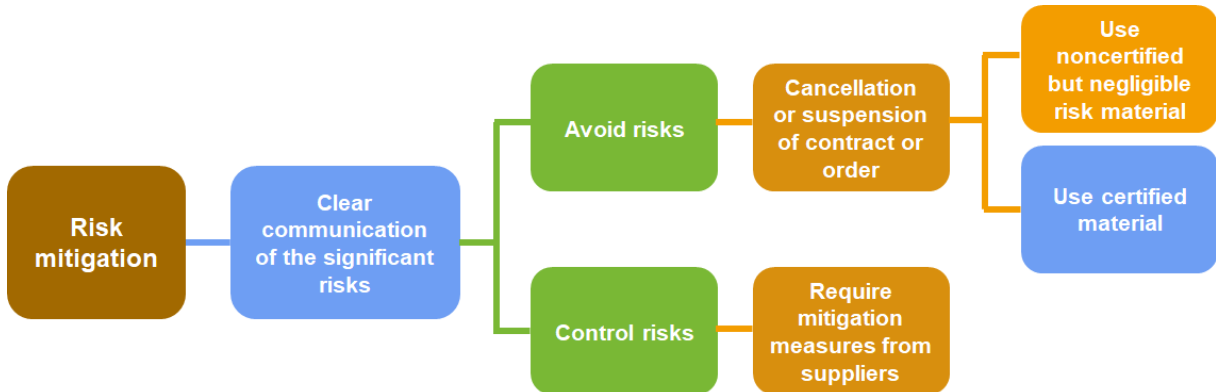
The organization will put in place a written procedure for implementing corrective measures for non-compliance suppliers. Followings are just some suggestions. Based on the specific risks that have been identified in the previous steps, the organization needs to form other appropriate corrective measures.

- Clear communication of the risk identified with a request for addressing the risk identified within a specific timeline so as to ensure that forest and tree-based product(s) from controversial sources is not supplied to the organization.
- Requiring suppliers to define risk mitigation measures relating to compliance with legal requirements in the forest area(s) or efficiency of the information flow in the supply chain.

- Cancellation or suspension of any contract or order for forest and tree-based product(s) until the supplier can demonstrate that appropriate risk mitigation measures have been implemented.

The corrective measures can be visualized as the **Figure 6** below.

Figure 6. Some suggested corrective measures



Avoid risks

There are non-compliance supplies that cannot be managed, therefore, the organization should avoid them. The organization may replace the suppliers or change the supply chains. The organization needs to remove these suppliers out of the organization existing DDS scope, and update WI#02.

Control risks

There are non-compliance supplies that can be managed and controlled. In order to control them, the organization needs to collaborate with the concerning suppliers to change the associated procedures, or request additional verification documents, put in place additional corrective measures to manage those significant risks.

5.3.1. Verification of the effectiveness of corrective measures

The organization assesses the effectiveness and appropriateness of corrective measures that have been put in the place. This can be done through the internal audit process.

5.3.2. Revision of the risk conclusion

Provided that the corrective measures are assumed as effective by the organization, the status of significant risks of the supplies can be revised to be negligible. This risk conclusion should be recorded in the section IV.5, WI#02.

However, it is important to note that: the final risk conclusion of the supplies will be subject to the decision of the certification body after their audit activities to verify conformities of these corrective measures.

In the case that, after applying corrective measures, non-conformities and observations are still found by the organization, they need to:

- Review these existing corrective measures to examine their effectiveness and appropriateness in managing significant risk supplies;
- Revise or replace existing corrective measures by more robust ones;

The details of these steps need to be recorded in the DDS program implementation report (see section 6).

5.4. Substantiated concerns and no place on the market

Substantiated concerns:

They are defined as information supported by proof or evidence, indicating that forest and tree-based material originates in controversial sources. They can be concerns by third parties, or by the organization itself.

The substantiated concerns can be raised anytime, at any stage, so long as the organization's PEFC CoC certification is still valid. These concerns can be related to the procuring materials used:

- under the scope of the organization's PEFC CoC certification
- outside the scope of the organization's PEFC CoC certification.

The organization has the procedure to handle substantiated concerns for forest and tree-based materials regardless they are covered or not under the organization's PEFC CoC. It should differentiate between substantiated and unsubstantiated concerns and how they would be handled. This is because the external concerns are not necessarily always substantiated.

The procedure needs to be understood by personnel, such as sale staff, procurement team, and covers:

- Once the substantiated concerns are raised, the organization must investigate them immediately, within 10 working days.
- If the substantiated concerns in question cannot be resolved within 10 days, they will be managed by the same procedure as significant risk supplies.

No place on the market:

- For materials used for the product **which is not covered** under the scope of its PEFC CoC certification: When it is known by the organization or it has received substantiated concern(s) that the product origin from **illegal sources** (controversial sources, 3.7a), the organization shall not put the product on the market until the concerns have been resolved
- For materials used for the product **which is covered** under the scope of its PEFC CoC certification: When it is known by the organization or it has received substantiated concern(s) that the product origins from **controversial sources (3.7 a-i)**, the organization shall not put the product on the market until the concerns have been resolved.
- Where the organization identifies, or is informed about, a substantiated concern, and the investigation shows that controversial sources have entered the production process, or have been sold with PEFC claims, the organization should invoke its non-conformity process and procedure and take the appropriate steps to prevent placement on the market, or manage the consequences in compliance with the [PEFC ST 2002:2020](#).

VI. THE DDS PLAN IMPLEMENTATION REPORT

The organization prepares **The DDS program implementation report** (can use and adapt the **WI#11**). This report can be provided to the certification body for the certification audit.

This DDS implementation report summarizes key information of the organization's DDS program, such as its scope, list of potential suppliers/supply areas, DDS implementation team, execution time, how each step of the DDS process has been done, result of risk assessment, on-site inspection, corrective measures.

The Certification body will verify the conformity of the organization's DDS procedures and its implementation. The conformance of corrective measures and risk conclusion are also verified to conclude if the risks from controversial sources have been managed in compliance to the [PEFC ST 2002:2020](#).

After completing its audit, the Certification body and the organization's responsible personnel would have an audit closing meeting. During this meeting, the Certification body may summary non-conformities and observations (if any), and request additional corrective actions (if applicable), which must be considered by the organization.

- For the initial certification, all major and minor nonconformities must be corrected and all corrective measures shall be verified by the certification body.
- For the recertification, all major nonconformities shall be corrected and the corrective action(s) verified by the certification body.

The organization therefore needs to revise the DDS processes, including the implementation of required corrective measures, and those changes will be updated in the DDS program implementation report.

Once the organization DDS program implementation is verified as conformity by the Certification body, the organization will make decision on the risk level of each supplier and supply. The risk level conclusion will be updated the **WI#02**.

- Those suppliers, supply areas that have been concluded as having negligible risk from controversial sources, will be kept in the list.
- Those suppliers, supply areas that have been concluded as having significant risk from controversial sources, will be taken out of the list.

After updating it, the list will become the final list of eligible suppliers or supply areas that the organization can start sourcing and those purchased materials can be used with **PEFC controlled sources claim** for internal production process or trading.

The organization's approved DDS program can be used until the next audit.

For the following year,

- If there are no changes in term of suppliers or supply areas or no substantiated concerns raised, the organization **reviews** and use the same DDS procedure.
- If there are changes in terms of suppliers, supply areas and associated elements, the organization **revises** its DDS program to reflect such new changes, and appropriated risk management methods must be put in place if needed.

If the organization wanted to add new suppliers or supply areas between the audit, it depends on the characteristic of such new suppliers/supply areas.

- If these new suppliers or supply areas are under the scope of the organization's existing DDS, the organization can apply its approved DDS program to do risk assessment and risk management before purchasing. These new suppliers/supply areas must be updated into the **WI#02** prior to the next audit.
- If these new suppliers or supply area are outside the scope of the organization's existing DDS, the organization need to complete the risk assessment and risk management for these new supplier or supply areas. Its conformance will be verified by the Certification body during the next audit. If its conformance is verified by the Certification Body, then the new suppliers or supply areas will be added into the revised **WI#02** and the organization can start purchasing from these new suppliers or supply areas.

Appendix 1. Policy#01- Some DDS elements to be included in the organisation CoC's Policy

Organizations' logo ISSUED BY:	ORGANIZATION POLICY PEFC CHAIN OF CUSTODY	Organization name POLICY NO: DOCUMENT: Policy #01 VERSION: UPDATED: DATE:
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[Organization name]'s PEFC CHAIN OF CUSTODY POLICY

[Organization name] is committed to establish, apply and maintains the Chain of Custody (CoC) System and Due Diligence System (DDS) according to PEFC ST 2002:2020. The *[organization name]* is committed to uphold social, health and safety requirements, and to procure materials from PEFC claimed materials, materials are certified by a third-party certification system, and legal sources.

I. SOCIAL, HEALTH AND SAFETY REQUIREMENTS

- Be aware of and complies with requirements relating to health, safety and labor issues that are based on ILO Declaration on Fundamental Principles and Rights at Work (1998)
- Do not violate the human rights, including choosing the representatives and bargaining collective with the employer
- Do not use forced labors
- Do not use workers, who are under the minimum legal age, the age of 15, or the compulsory school attendance age, whichever is higher
- Employees have equal employment opportunities and treatments
- Ensuring working conditions do not endanger safety or health

II. PROCUREMENT INPUTS RAW MATERIAL

The policy covers for both materials which will be used under and outside of the scope of the organization's PEFC CoC certification.

For materials which will be used for the product **which is not covered** under the scope of its PEFC CoC certification: The organization's commitment to not sourcing **unknown, illegal sources (controversial sources, 3.7a)**. When it is known by the organization or it has received substantiated concern(s) that the product origin from **illegal sources (controversial sources, 3.7a)**, the organization shall not put the product on the market until the concerns have been resolved

For materials used for the product **which is covered** under the scope of its PEFC CoC certification: the organization's commitment to not sourcing materials/products from **unknown sources or from controversial sources (3.7 a-i)**. When it is known by the organization or it has received substantiated concern(s) that the product origins from **controversial sources (3.7 a-i)**, the organization shall not put the product on the market until the concerns have been resolved.

Where the organization identifies, or is informed about, a substantiated concern, and the investigation shows that controversial sources have entered the production process, or have been sold with PEFC claims, the organization should invoke its non-conformity process and procedure and take the appropriate steps to prevent placement on the market, or manage the consequences in compliance with the PEFC ST 2002:2020

This **POLICY** is effective from the date of signing. It is publicly available, and it shall be communicated to the organization's personnel, suppliers, customers, and all interested parties.

This **POLICY and related documents** shall be regularly reviewed to ensure that they are aligned to Vietnamese laws and legislations and PEFC standards. [The organization] commits to a continuous improvement process to improve the level of sustainability and legality of its sourcing.

APPROVED BY AUTHORIZED PERSON

Signature: _____

Name: _____

Date: _____

Position: [Director, Chairman, CEO, Board Director]

Appendix 2. WI#01- List of the organization’s DDS Implementation Members

Organizations’ logo	OPERATION MANUAL (OM)	Organization name
ISSUED BY:	LIST OF THE ORGANIZATION’S DDS IMPLEMENTATION MEMBERS	DOCUMENT: WI#01 VERSION: UPDATED: DATE:

LIST OF THE ORGANIZATION’S DDS IMPLEMENTATION MEMBERS

ID	Full name	Position	Job tasks	Responsibilities related to DDS implementation	Contact information (phone, email)
1					
2					
3					
Etc.					

APPROVED BY AUTHORIZED PERSON

Signature: _____

Name: _____

Date: _____

Position: [Director, Chairman, CEO, Board Director]

Appendix 3. WI#02- Supply chain management matrix

Organizations' logo	RISK ASSESSMENT (RA) Working Instruction (WI)	Organization name
ISSUED BY:	SUPPLIER MANAGEMENT MATRIX	DOCUMENT: SOP#01: RA-W#02 VERSION: UPDATED: DATE:

No.	I. Supplier's information				II. Product information		III- Harvesting/supply area				IV. Risk assessment					V. Eligible to purchase (yes/no)		VI. Update		
	Supplier's name	Contact (address, phone, email)	Supplier type		Supply chain level	Species	Product type	Supply area				1. Document checklist	2. identified risks	3. Risk management actions (if applicable)	4. On-site inspection (if applicable)	5. Risk conclusion	Decision (yes/no) & remarks		date	by
			Forest owner as farmer	Forest owner as company	Trader	Common/trade name	Scientific name		area (lot, plot, sub-division)	Village	Commune	District	Province							
1	Company A			x		1 Cao su		Latex	Sub-division 1	xx	Dong Xoai	Binh Phu	Binh Phuoc							
2	Smallholder B		x			2 Keo la tram		Round-log												
3																				
4																				

Note:

Supply chain level

- Level 1:** From Forest Owner sells material to organization/enterprise directly
- Level 2:** From Forest Owner sells material to traders and then sell to organization/enterprise.
- Level 3** From Forest Owner sells material to 'n' traders and then sell to organization/enterprise.

Product type can be : latex, round-log, sawn-timber, etc.

Appendix 4. WI#03-Letter to suppliers

Organizations' logo	RISK ASSESSMENT (RA) Working Instruction (WI)	Organization name
ISSUED BY:	LETTER TO SUPPLIERS	DOCUMENT: SOP#01: RA-W#03 VERSION: UPDATED: DATE:

Dear [recipient name],

I am writing to you regarding our work to meet the requirements of the PEFC Chain of Custody, Due Diligence System, that our organization, [name of the organization], is implementing. You can refer to our organization PEFC Chain of Custody policy (attached).

The PEFC Due Diligence System aims to minimize the risk that procuring materials origin from controversial sources. Our PEFC CoC DDS's scope would cover [DDS's geographical scope].

As we plan to purchase [product name (timber/non-timber forest product)] from your company/your plantation which are under our DDS's scope, we must secure access to information concerning timber and non-timber forest products at the origin and supply chain levels. Information would relate to your identification or your organization as supplier, and the supplies (such as type, tree species, harvesting location) and information on compliance with national law and legislation. This information will support us to assess the level of risk that your supply origin from controversial sources before any purchasing activities.

We are now writing to seek your consent to:

1. Commit that to the best of your knowledge, the supplied material does not originate from controversial sources
2. Provide information & proof documents related to the Forest Management Units where materials are harvested, that are going to be purchased by [the organization] if requested. In case, if we do not possess that required information, we are committed to work with our suppliers in order to collect and provide them
3. Provide information of all suppliers who supply materials to the organization
4. Allow [the organization] and [its assigned certification body] to conduct on-site audits at our company facilities and/or our plantation
5. Collaborate with [the organization] to implement second- or third-party inspection programs and corrective measures to minimize the significant risks from controversial sources of our supplies if necessary.

Please complete and return the form Supplier Consent and Declaration (attached) to confirm your agreement to the requests mentioned above.

Thank you very much for your cooperation. Should you have any questions, please let us know.

Signature: _____

Name: _____

Position: [Director, Chairman, CEO, Board Director]

Date: _____

Appendix 5. WI#04- Supplier Consent and Declaration Form

Organizations' logo	RISK ASSESSMENT (RA) Working Instruction (WI)	Organization name
ISSUED BY:	SUPPLIER CONSENT AND DECLARATION FORM	DOCUMENT: SOP#01: RA-W#04 VERSION: UPDATED: DATE:

I. SUPPLIER'S CONSENT

[Supplier's name] hereby confirms to agree to:

1. To the best of the supplier's knowledge the supplied material does not originate from controversial sources
2. Provide information & proof documents related to the Forest Management Units where materials are harvested, that are going to be purchased by [the organization] if requested. In case, if we do not possess that required information, we are committed to work with our suppliers in order to collect and provide them
3. Provide information of all suppliers who supply materials to the organization
4. Allow [the organization] and [its assigned certification body] to conduct on-site audits at our company facilities and/or our plantation
5. Collaborate with [the organization] to implement second- or third-party verification programs and corrective measures to minimize the significant risks from controversial sources of our supplies if necessary.

II. SUPPLIER INFORMATION:

Full name/company's name	
Address	
ID number/business registration No:	
Phone No:	
Email: (if available)	

II. SUPPLIER TYPE:

- Forest owner/Household/farmer
 Forestry company
 Cooperative members/
 Trader
 Other (specify _____)

IV. SUPPLY INFORMATION

4.1. Tree species

- Acacia
 Rubber
 Pine
 Eucalyptus
 Others (specify _____)

4.2. Material type

- Round wood

- Lumber
- Natural Rubber (latex)
- Wood chip
- Energy pellet
- Others

4.3. Plantation age

Tree species	Planted year	Area (ha)	Age
...			
...			
....			

4.4. Supply location

Location (lot, plot, subdivision)	
Village	
Commune	
District	
Province	
Country	Vietnam

4.5. Document attached (for each supplier selected based on the sampling method)

4.5.1. Forest owner as farmers or cooperative member

- i) Copy of ID card
- ii) Land allocation decision/land lease contract
- iii) Cadastral map/land plot map
- iv) Harvesting design documents/plan → 1 one
- v) List of workers (or payroll) (if applicable, usually for large-scale forest owners)
- vi) Environmental impact assessment (if applicable)
- vii) Packing List (template from Circular No. 27/2018/TT-BNNPTNT January 1, 2019) – **WI#05**
- viii) Proof: tax, fee payment, forest certificate (if any)
- ix) Contract for sale
- x) Any worker as child labor?/under working age?

4.5.2. Forest owners as a company

In addition to the list in the section 4.5.1, the company needs to provide:

- i) Business registration certificate
- ii) VAT invoice
- iii) Environmental Impact Assessment
- iv) Document of used transportation (means, registration plates, etc)

4.5.3. Trader

- i) Sale contract
- ii) Input and output monitoring book
- iii) Document of used transportation (means, registration plates, etc)
- iv) All information their suppliers as described in section 4.5.1 and 4.5.2, depending on the type of their suppliers (either forest owner as farmer (Section 4.5.1) or as company (section 4.5.2))

Appendix 6. WI#05-Packaging list for households and company

Organizations' logo	RISK ASSESSMENT (RA) Working Instruction (WI)	Organization name
ISSUED BY:	PACKAGING LIST	DOCUMENT: SOP#01: RA-W#05 VERSION: UPDATED: DATE:

I. GENERAL INFORMATION

Full name	
Business registration No./ Enterprise Code	
Address	
Contact (phone, email)	
Forest Product Origin	
Attached document	
Means of transportation (if any)	
Plate number /Vehicle No	
Delivery time (days) and from (date... to date...)	
Delivery from	

II. PACKAGING INFORMATION

No.	Name of forest product		tree species	Quantity/Weight	Units	Note
	Common name	Scientific name				
1						
2						
...						
...						
Total						

Total weight of NTFD on the list:

.....

APPROVED BY:

Signature & stamp:

Full name:

Date:

PREPARE BY:

Signed:

Full name:

Date:

Appendix 7. WI#06 - List of Applicable Vietnamese Laws

Organizations' logo	WORK INSTRUCTION (WI) <i>Risk Assessment (RA)</i>	Organization name
ISSUED BY:	LIST OF APPLICABLE VIETNAMESE LAWS	DOCUMENT: SOP#01: RA-W#06 VERSION: UPDATED: DATE:

LIST OF APPLICABLE VIETNAMESE LAWS

A suggestive list of applicable laws that are related to the business organization. This list is not comprehensive and the organization must keep it updated yearly or when the related laws changed.

No.	Code	Name/Content of the legal document	Issued date	Status
I	LAND LAW			
1	45/2013/QH13	2013 Land Law	29/11/2013	Validity
2	43/2014/NĐ-CP	Decree: Detailing a number of articles of the land law.	15/05/2014	Validity
3	83/2010/NĐ-CP	Decree on registration of Secured Transactions	09/09/2010	Validity
4	168/2016/NĐ-CP	The Decree stipulates the contracting of forests, orchards and water surface areas in the Management Boards of special-use forests and protection forests and the State Argo-Forestry One-member Limited Liability Company.	27/12/2016	Validity
5	23/2014/TT-BTNMT	Circular: Providing for Certificate of Land Use Right, House Ownership and Other Properties Associated With The Land.	19/05/2014	Validity and expired some items
6	02/2015/TT-BTNMT	Circular: Detailing A Number of Articles of The Government's Decree No. 43/2014/ND-CP And Decree No. 44/2014/ND-CP Dated May 15, 2014	13/03/2015	Validity
7	30/2014/TT-BTNMT	Circular on Applications for Land Allocation, Lease, Repurposing And Expropriation	02/06/2014	Validity
II	LAW ON FORESTRY			
1	16/2017/QH14	Law on Forestry	01/01/2019	Validity
2	117/2010/ND-CP	Decree on Organization and Management Of The Special-Use Forest System	24/12/2010	Validity
3	2-CP	Decree stipulates the allocation of forestry land to organizations, households and individuals for stable and long-term use for forestry purposes.	15/01/1994	Validity
4	27/2018/TT-BNNPTNT	Circular: Management and Tracing of Forest Product.	01/01/2019	Validity
5	07/2011/TTLT-BNNPTNT-BTNMT	Joint Circular: Guiding Forest Allocation and Lease In Association With Forestland Allocation And Lease	29/01/2011	Validity
6	38/2007/TT-BNN	Circular: guiding the order and procedures for forest allocation, forest lease, and forest	25/04/2007	Validity

No.	Code	Name/Content of the legal document	Issued date	Status
		recovery for organizations, households, individuals and village communities.		
7	20/VBHN-BNNPTNT	Circular: Guidelines for design, exploitation and selection of natural forest timber.	06/05/2014	Validity
8	28/2018/TT-BNNPTNT	Circular: Sustainable Forest Management	16/11/2018	Validity
9	330/2016/TT-BTC	Circular: Guiding the estimation, allocation, payment and settlement of support funds from the state budget to protect the natural forest area of forestry companies that must suspend exploitation according to Decision No. 2242 /QĐ-TTg dated 11/12/2014 of the Prime Minister.	26/12/2016	Validity
10	37/2014/TT-BCT	Circular on Suspension of Temporary Import For Re-Export Of Log And Sawm Timber From Natural Forests Of Laos And Cambodia	24/10/2014	Validity
11	17/2015/QĐ-TTg	Decision on Promulgating the Regulation On Protective Forest Management	30/07/2015	Validity
12	49/2016/QĐ-TTg	Decision on Promulgating the Regulation On Production Forest Management	01/11/2016	Validity
13	2242/QĐ-TTg	Decision: Approving the Scheme for Strengthening The Management Of Exploitation Of Timber Of Natural Forest For The Period 2014 – 2020	11/12/2014	Validity
14	178/2001/QĐ-TTg	Decision on The Benefits and Obligations of Households and Individuals Assigned, Leased or Contracted Forests And Forestry Land	12/11/2001	Validity
15	107/2007/QĐ-BNN	Amending and supplementing the Regulation on management and hammering of trees, forest rangers' hammers promulgated together with Decision No. 44/2006/QĐ-BNN dated June 1, 2006 of the Minister of Agriculture and Rural Development.	31/12/2007	Validity
16	QPN/14-92 (200/QĐ-KT)	Promulgating regulations on silvicultural technical solutions applied to timber and bamboo production forests (QPN 14 - 92).	31/03/1993	Validity
17	20/VBHN-BNNPTNT	Circular: Guidelines for design, exploitation and selection of natural forest timber.	06/05/2014	Validity
18	2198/CNR	Decision: on the promulgation of a temporary classification table of wood species used uniformly throughout the country.	26/11/1977	Validity
III	LAW ON ENTERPRISES			
1	59/2020/QH14	Law on Enterprises in 2020	17/06/2020	Validity
2	12/2012/QH13	Law on Trade Union	20/06/2012	Validity
3	61/2020/QH14	Law on Investment	17/06/2020	Validity
4	1/2021/ND-CP	Decree on Enterprise Registration	04/01/2021	Validity
5	17/2010/NĐ-CP	Decree on Property Auction	04/03/2010	Validity
6	29/2014/NĐ-CP	Decree: Prescribing the Competence and Procedures for Establishment of State Ownership over Property and for Management And Handling of Property Over Which State Ownership Is Established (*)	01/06/2014	Validity
7	31/2020/NĐ-CP	Decree on Amendments to Decree No. 115/2013/ND-CP Dated October 3, 2013 of Government on Management and	05/03/2020	Validity

No.	Code	Name/Content of the legal document	Issued date	Status
		Preservation of Exhibits And Vehicles of Administrative Violation Seized or Confiscated According to Administrative Procedures		
IV	TAXES AND FEES			
1	45/2009/QH12	Law on Severance Tax	25/11/2009	Validity
2	32/2013/QH13	Law on The Amendments to the Law on Enterprise Income Tax	19/06/2013	Validity
3	71/2014/QH13	Law Amendments to Tax Laws	01/01/2015	Validity
4	106/2016/QH13	Law Amendments to Some Articles of The Law on Value-Added Tax, the Law on Special Excise Duty, and the Law on Tax Administration	06/04/2016	Validity
5	50/2010/ND-CP	Decree: Detailing and Guiding a Number of Articles of the Law on Royalties	14/05/2010	Validity
6	92/2015/TT-BTC	Circular: Guidelines for VAT and Personal Income Tax Incurred by Residents Doing Business, Amendments to Some Articles on Personal Income Tax of The Law No. 71/2014/QH13 on The Amendments to Tax Laws And The Government's Decree No. 12/2015/ND-CP Dated February 12, 2015 on Guidelines for The Law on The Amendments to Tax Laws and Decrees on Taxation	01/01/2015	Validity
7	12/VBHN-BTC	Decree: detailing and guiding the implementation of the corporate income tax law	26/05/2015	Validity
8	57/VBHN-BTC	Decree: Regulations on the collection of land use fees	21/11/2019	Validity
9	20/VBHN-BTC	Decree: Regulations on collection of land and water surface rents.	25/06/2018	Validity
10	45/2014/NĐ-CP	Decree: Providing the Collection of Land Use Levy	15/04/2014	Validity
11	46/2014/ND-CP	Decree: Regulations on Collection of Land Rent And Water Surface Rent	15/04/2014	Validity
12	45/2021/TT-BTC	Circular: Guidance on Application of Advance Pricing Agreements To Enterprises Having Related-Party Transactions	18/06/2021	Validity
13	205/2013/TT-BTC	Circular: Guiding the Implementation of The Agreements on Double Taxation Avoidance and Prevention of Tax Evasion With Respect To Taxes on Income And Property Between Vietnam And Other States or Territories And In Force In Vietnam	24/12/2013	Validity
V	ENVIRONMENT			
1	72/2020/QH14	Law on Environmental Protection	17/11/2020	Validity
2	11/VBHN-BTNMT	Decree: regulations on environmental protection planning, strategic environmental assessment, environmental impact assessment and environmental protection plan	25/10/2019	Validity
3	27/2015/TT-BTNMT	Circular on Strategic Environmental Assessment, Environmental Impact Assessment and Environmental Protection Plans.	29/05/2015	Validity
VI	LABOR, HEALTH AND SAFETY			

No.	Code	Name/Content of the legal document	Issued date	Status
1		ILO Declaration on Fundamental Principles and Rights at Work	1998	Validity
2	10/2012/QH13	Labor Code	18/06/2012	Validity
3	58/2014/QH13	Law on Social Insurance	20/11/2014	Validity
4	46/2014/QH13	Law Amendments to The Law on Health Insurance	13/06/2014	Validity
5	45/2013/ND-CP	Decree: Elaborating a Number of Articles of The Labor Code on Hours of Work, Hours of Rest, Occupational Safety And Occupational Hygiene	10/05/2013	Validity
6	43/2013/ND-CP	Decree: Elaborate the Implementation of Article 10 of The Law on Trade Union on The Rights and Obligations of The Trade Union To Represent And Protect The Lawful Rights And Interests of Employees	10/05/2013	Validity
7	27/2013/TT-BLĐTBXH	Circular: Providing for Occupational Safety and Hygiene Training	18/10/2013	Validity
8	11/2020/TT-BLĐTBXH	Promulgating List of Arduous, Hazardous and Dangerous Occupations and Works, and Extremely Arduous, Hazardous and Dangerous Occupations and Works	12/11/2020	Validity
9	26/2013/TT-BLĐTBXH	Circular: Promulgating the List of Jobs in Which The Employment of Female Workers Is Prohibited	18/10/2013	Validity
10	05/2012/TT-BLĐTBXH	Circular on The Issuance of The National Technical Regulation on Safe Working With Lift Equipment	30/03/2012	Validity
11	06/2014/TT-BLĐTBXH	Circular: Regulations on Occupational Safety Inspection of Machinery, Equipment, Supplies with Strict Requirements For Occupational Safety Under The Management of The Ministry of Labor, War Invalids And Social Affairs	06/03/2014	Validity
12	04/2014/TT-BLĐTBXH	Circular: Guiding Implementation of Regulations on Personal Protective Equipment	12/02/2014	Validity
13	54/2015/TT-BLĐTBXH	Circular on Guidelines for Hours Of Work, Hours of Rest Applicable To Employees Doing Seasonal Production Work And Processing of Goods Under Orders	16/12/2015	Validity
14	136/2020/ND-CP	Decree: Providing Guidelines for A Number of Articles of Law on Fire Prevention And Fighting and Law on Amendments to Law on Fire Prevention and Fighting	24/11/2020	Validity
VII	TRADE			
1	66/2010/TT-BTC	Circular: Guiding the Determination of Market Prices in Business Transactions Between Associated Parties	22/04/2010	Validity
2	04/2015/TT-BNNPTNT	Circular on Guidelines for The Decree No. 187/2013/ND-CP Dated November 20, 2013 of the Government on Guidance on The Law on Commerce on International Trade In Goods And Commercial Agency, Trading, Processing And Transit of Goods With Foreign Countries In The Agriculture, Forestry And Aquaculture Fields	12/02/2015	Validity
3	04/2014/TT-BCT	Circular: Elaborating the Implementation of The Government's Decree No. 187/2013/ND-CP Dated November 20, 2013, Which Elaborates the Regulations on International Trade of Law on Commerce	27/01/2014	Validity

No.	Code	Name/Content of the legal document	Issued date	Status
VIII	CUSTOMS			
1	08/2015/NĐ-CP	Decree: Providing Specific Provisions and Guidance on Enforcement of The Customs Law on Customs Procedures, Examination, Supervision and Control Procedures	21/01/2015	Validity
2	13/2014/TT-BTC	Circular: Prescribing Customs Procedures for Goods Processed with Foreign Traders	24/01/2014	Validity
IX	FLORA AND FAUNA			
1	06/2019/NĐ-CP	Decree on Management of Endangered, Precious and Rare Species of Forest Fauna and Flora and Observation of Convention on International Trade In Endangered Species of Wild Fauna and Flora	22/01/2019	Validity
2	82/2006/ND-CP	Decree on Management of Export, Import, Re-Export, Introduction from The Sea, Transit, Breeding, Rearing and Artificial Propagation of Endangered Species of Precious And Rare Wild Fauna and Flora	10/08/2006	Validity
3	296/TB-CTVN-HTQT	To promulgate a list of wild fauna and flora specified in the Appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora.	27/11/2019	Validity
X	CONSERVATION			
1	20/2008/QH12	Law On Biodiversity	13/11/2008	Validity
2	10/2014 / TT-BNNPTNT	Circular: Regulation on Criteria for Defining Buffer Zones of Special-Use Forests And Protection Belt of Marine Protected Areas	26/03/2014	Validity
3	1976/QĐ-TTg	Decision of Approving the Master Plan on Medicinal Plant Development Through 2020, With Orientations Toward 2030	30/10/2013	Validity
XI	GMO			
1	118/2020/NĐ-CP	Decree: Amendments to Decree No. 69/2010/ND-CP Dated June 21, 2010 Of the Government on Biosafety For Genetically Modified Organisms, Genetic Specimens And Products of Genetically Modified Organisms	2/10/2020	Validity
2	69/2009/TT-BNNPTNT	Regulations on risk assessment trials for biodiversity and the environment of genetically modified crops.	27/10/2009	Validity
3	72/2009/TT-BNNPTNT	Promulgating the List of genetically modified plant species permitted for trial and assessment of risks to biodiversity and the environment for the purpose of plant breeding in Vietnam.	17/11/2009	Validity
4	21/2012/TT-BKHCHN	Circular on Biosafety in Conducting Research and Developing Technology Related to Genetically Modified Organisms	20/11/2012	Validity
5	08/2013/TT-BTNMT	Regulations on the order and procedures for granting and revoking the Biosafety Certificate for genetically modified plants.	16/05/2013	Validity
6	04/VBHN-BNNPTNT	Circulars: Provisions on Order and Procedures for Issuance and Revocation of Certification of General Conditions for Food and Animal Feed	08/01/2016	Validity

Appendix 8. WI#07-List of stakeholders for consultation and the result summary

Organization's logo	WORK INSTRUCTION (WI) Risk Assessment (RA)	Organization name:
ISSUED BY:	LIST OF STAKEHOLDERS FOR CONSULTATION AND THE RESULT SUMMARY	DOCUMENT: SOP#01: RA-W#07 VERSION: UPDATED:

LIST OF STAKEHOLDERS FOR CONSULTATION AND RESULT SUMMARY

The Organization consulted and/or interviewed with stakeholders during the assessment of significant risk sources as required by the PEFC CoC standard and Vietnam's statutory requirements with the following content:

1. Supplier/ Supply Area:
2. Time consultation and report
3. Interviewer's name.....
4. List of consulted stakeholders

No.	Name	Stakeholder's type/categories	Consultation method (interview directly or indirectly)	Contact Information	Slip No.
1	....	Forest Owner	Directly interview by....		
	Summary Outcomes:				
2	....	Forest rangers (at different levels, provincial, district or commune)	Directly interview by....		F.05 - 02
	Summary Outcomes:				
4	.....	Chairman of People Committee Commune	Directly interview by Or indirectly through consultation letter & questionnaire		F.05 - 03
	Summary outcomes:				
5	...	Ethnic Affairs			
	Summary outcomes:				

No.	Name	Stakeholder's type/categories	Consultation method (<i>interview directly or indirectly</i>)	Contact Information	Slip No.
6		<i>Wood association (e.g. HAWA, VIFOREST)</i>	<i>Directly interview by.... Or consultation letter & questionnaire</i>		.....
	Summary outcomes:				
8		<i>Provincial/district department of agriculture and rural development</i>	.....	
	Summary outcomes:				
9		<i>Provincial/district department of Environment and Nature Resource</i>	<i>Indirect</i>		
	Summary outcomes:				
10		<i>Provincial/district department of Forest Protection</i>			
	Summary outcomes:				
10	.....	<i>Vietnamese Academy of Forest Sciences</i>	<i>Indirect</i>		
	Summary outcomes:				
11 and so on	Others stakeholders deem suitable and appropriate				

Appendix 9. WI#08- Consultation letter

Organization's logo	WORK INSTRUCTION (WI) Risk Assessment (RA)	Organization name
ISSUED BY:	CONSULTATION LETTER	DOCUMENT: SOP#01: RA_WI#08 VERSION: UPDATED:

CONSULTATION LETTER

To:

[Name of company/organization] is currently operating in the field of....., we are establishing the Due Diligence System based on the PEFC ST 2002:2020 for material sources: [insert material name, *NTFP* or *wood-based*] from supply areas in the regions

- 1) Commune/District: Province:
- 2) Commune/District: Province:
- 3) Commune/District: Province:

From the requirements of PEFC ST 2002:2020 standards, we would like to consult with [insert name of the Agency] some issues related to the fields: Economy – Society – Environment in which the company/organization is carrying out the risk assessment for our potential suppliers/supply areas.

We know that name of Agency has expertise in this field: Economy, Society, Environment (choose field that they are in charge), please support us response the following questions for the matter that you/your organization are/is in charge

1. Do activities of name of suppliers comply with applicable local, Vietnamese and international legislation on forest management well, such as: forest management practices, nature and environmental protection, protected and endanger species? Is it in violation of local policies/regulations?
.....
.....
2. In the supply area that suppliers are planting, are there any high conservation, biodiversity value? (Please specify if any)
.....
.....
3. Do activities where forest management contributes to the maintenance, conservation or enhance of biodiversity on landscape, ecosystem, species, or genetic levels? (Please specify if any)
.....
.....
.....
4. Does the management of plantation by smallholders/suppliers from planting, tending to harvesting have a threatening effect on the high conservation values (if any) in the area? as well as what measures are needed to limit this threatening influence?
.....
.....
.....

5. Are there any ethnic minority people living in this area? (*Please specify if any*)
.....
.....
6. Are there issues of disputes or violations affecting ethnic minority people's traditional rights and beliefs in the areas?
.....
.....
7. Do [specific] households/forest owners have unresolved issues related to land disputes and boundary demarcation in the supply area?
.....
.....
8. Do households/forest owners comply with the regulations on labor use, fair payment, local labor usage?
.....
.....
9. Is the tree species being planted a genetically modified species? Is it harmful to biodiversity and environment, such as soil nutrition?
.....
.....
10. Are there any issues in harvesting and transportation activities affect to this area? Ex: transportation infrastructure, traffic, environmental pollution.... (*Please specify if any*)
.....
.....
11. Are there any activities where forest conversions occur? Please provide more information of these conversion activities if any?
.....
.....
12. In addition, what should be done in the company's activities to develop the locality, the community and the local people? Recommendations (if any)?
.....
.....

In addition, if you have any recommendations/opinions in all our activities, please send them to us:

- Name of company/ organization:.....
- Address:
- Person in charge of: Position:
- Phone number:Email:.....

Sincere thanks to the assistance of [*name of the Agency*].

AUTHORIZED PERSON IN CHARGE

Signature:.....
Full name:.....
Position:.....
Date:.....

Appendix 10. WI#09-Suggested Interview Questions

Organization's logo	WORK INSTRUCTION (WI) Risk Assessment (RA)	Organization name
ISSUED BY:	SUGGESTED INTERVIEW QUESTIONS	DOCUMENT: SOP#01: RA_WI#09: VERSION: UPDATED:

SUGGESTED INTERVIEW QUESTIONS

Note: The organization uses this list as a suggestion. The list of questions should be revised by the organization, based on the specific risks of the sourcing areas that have been identified in the Risk assessment step, and the common knowledge of relevant risks for the areas.

No.	Suggested questions	Local authorities	Forest ranger	Forest owners	Workers	Local people
1	Do you know <i>name of households/forest owners/traders?</i>	x	x		x	x
2	In this area, is there the forest land/natural rivers/streamlines?	x	x			x
3	Which does <i>name of households/forest owners land belong to: leased, owned or contracted?</i>	x		x		
4	What does types of land documents prove legality or not? Photos?	x	x	x		x
5	Procedures of land allocation and lease term?	x	x	x		
6	When allocating land to households/forest owners, how does the local authorities determine boundaries?	x	x	x		
7	What kind of tree species do forest owners plant? Plantation or crops?	x		x		
8	Are these tree species suitable for the local environment?	x		x		
9	Currently, do <i>name of households/forest owners</i> have disputes over land boundaries with anyone?	x	?	x		x
10	Do they pay taxes? Land tax, harvest tax...?	x		x		
11	Do the person in charge of local authorities check tree species origin, genetically modified?	x	x	x	x	x
12	What types of tree species are being grown in the area? Are they encouraged/ supported by the local authorities/ states?	x	x	x		x
13	How to plant? How to fertilize? How to harvest? How to replant?			x	x	
14	What kind of fertilizer is used? Is it on the list allowed by the state or not?			x		
15	How old is the plantation to harvest? How many cubic meters/tons for 01 hectare?		x	x		

No.	Suggested questions	Local authorities	Forest ranger	Forest owners	Workers	Local people
16	When households/forest owners harvest and transport forest products, do they notify local authorities?	x	x	x		
17	What is harvesting techniques? What harvesting regulations? How the harvesters to harvest?	x	x	x		
18	What regulations of plantation fire protection? How to prevent and manage plantation fires in the dry season?	x	x	x		
19	What kind of documents must be provided when procuring/selling forest products?		x	x		
20	Are there natural forests/ conservation area/ protective forests in this area?	x	x	x	x	x
21	Do households plantation border the natural forests/ conservation area/ protective forests?	x	x	x	x	x
22	Do activities of plantation affect to environment?	x	x		x	x
23	Environmental Impact Assessment?	x	x	x		
24	How is the local waste collection? Do you separate household waste and hazardous waste? How to handle each type of waste?			x	x	
25	Hiring local labors? Child labors? Age? Labor contract? Pay wage? Insurance?			x	x	
26	Working time? Working tools? job descriptions?			x	x	
27	Labor protection equipment?			x	x	
28	Procuring/selling forest products with contract?			x		
29	Means of transportations? Shipping documents? Freight contract?			x		
30	Are there ethnic people/ indigenous people in the area? How many?	x		x		
31	Ethnic work? Support by local authorities/ states?					
32	Are the right of ethnic groups/indigenous people protected, respected?	x	x	x	x	x
33	What are main traditional customs/ or believes that are related to forest use & forest management	x		x		
34	Is there fair treatment when hiring ethnic people? Day off on festival days?	x	x	x	x	
35	Are there any species of flora and fauna in the area? Rare species?		x	x	x	
36	Does harvesting activities affect transportation infrastructure?	x				x
37	Recommendations? Contributions for local?	x	x	x	x	x
38	Local communities? Affected stakeholders? Land -use rights for indigenous peoples?	x	x			x
39	Illegal practices concerning households/forest owners/traders' activities?	x	x			x
40	Are there any awareness training courses on plantation development? Other training courses?	x	x	x		

Appendix 11. WI#10-Consultation slip

Organization's logo	WORK INSTRUCTION (WI) Risk Assessment (RA)	Organization name
ISSUED BY:	CONSULTATION SLIP	DOCUMENT: SOP# 01: RA_W1# 10 VERSION: UPDATED:

CONSULTATION SLIP

No.: .../.....

Interviewee' name:.....

Stakeholder's type:.....

Address:.....

Phone number:

Location:..... Date:.....

DDS implementation member:

No.	Question	Response
1
2
3
4
5
6
7
8
9
10
...		
...		

Appendix 12. WI#11-The DDS program implementation Report

Organization's logo	WORK INSTRUCTION <i>Management of Significant Risks (MSR)</i>	Organization name
ISSUED BY:	THE DDS PROGRAM IMPLEMENTATION REPORT	DOCUMENT: SOP#02: MSR_WI#11 VERSION: UPDATED:

NAME OF ORGANIZATION

THE SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

[Place], date.....month.... year.....

THE DDS IMPLEMENTATION PLAN REPORT, YEAR.... (according to the requirements of PEFC ST 2002:2020 & Vietnamese laws)

A. DEFINE THE SCOPE: SUPPLY AREA/ SUPPLIERS:

1. Commune/ District:, province:, country:
2. Commune/ District:, province:, country:
3. Commune/ District:, province:, country:

The DDS program of [the organization name] is carried out to reduce the risk that forest and tree-based materials that the organization is going to purchase, originates from controversial sources, as per PEFC ST 2002:2020 for non-certified suppliers and supply areas, including:

No.	Supplier	Sourcing Location (Please specify: commune, district)	Province
1			
2			
3			
...			

Refer to the detailed information of suppliers and supply areas in the form: **WI#02 – Supply Chain Management Matrix”**

B. LIST OF THE DDS IMPLEMENTING MEMBERS

Refer to “**WI#01 - List of the DDS implementation Members”**

ID	Full name	Position	Job tasks	Responsibilities related to DDS implementation	Contact information (phone, email)
1					
2					
3					
Etc.					

C. EXECUTION TIME AND IMPLEMENTATION METHODS

1. Time: Month.....Year.....

2. Summary of the DDS Implementation Program:

2.1. *The PEFC Chain of Custody Policy, covers its DDS program*

2.2. Access Information

- The list of potential suppliers/supply areas with information on trade name/common name/scientific name of species, harvesting area **(WI#02)**
- The procedure of ensuring cooperation and commitment from suppliers in providing information when requested **(WI#03)**
- Filled form submitted by suppliers about their commitment **(WI#04)**
- Determine the geographical coordinates of the plantation by MapInfo maps, cadastral maps, boundaries.
- Stakeholder consultation, such as Local authorities, labors, local people, ethnics, suppliers, NGOs, state agencies - refer to form: **WI#07, WI#08, WI#09**
- List of publicly available references from NGOs and government agencies that the organization used.
- Synthesize documents, proofs, interview/consultation slips.

2.3. Risk Assessment

- The organization carries out a risk assessment based on the indicators for risks at origin and supply chain level for the entire
- For uncertified materials without any claim, the organization has conducted the risk assessment as per Table 1, Table 2 and Table 3, Appendix 1, PEFC ST 2002:2020. The risk conclusion for each indicator is presented.

Table 1: List of indicators for negligible risk

Indicator	Applicability for the organization & justification	Risk conclusion

Table 2: List of indicators for significant risk at the origin level

Indicator	Applicability for the organization & justification	Risk conclusion

Table 3: List of indicators for significant risk at the supply chain level

Indicator	Applicability for the organization & justification	Risk conclusion

2.4. Management of significant risk supplies

The organization establishes a risk verification programme for supplies classified as “significant risk”. The verification programme covers:

- a) Identification of the whole supply chain and forest area(s), refer to **WI#02**

- b) On-site inspection: The organization has implemented on-site inspections of selected suppliers and harvesting sites, delivering “significant risk” supplies based on the sampling method.
- c) Corrective Measures as required
 - The organization has developed and applied corrective measures for identified risks which have been identified in the previous steps. These correct measures comply to PEFC ST 2002:2020 requirements, and applicable Vietnamese law and legislation.
 - The organization has checked the suitability and effectiveness of these corrective measure by visiting the sourcing areas, as well as other facilities, such as warehouse, transportation recording systems.
 - Revise the risk level of the potential materials, update the **WI#02**.

2.5. Substantiated concerns and no place on the market

- There is the written procedure on how substantiated concerns would be handled
- Record of any substantiated concerns received (if any) and how they have been addressed (if applicable)

2.6. Revision the DDS procedures, its implementation and the report after the external audit by the certification body

To:

- Board of General Director
- DDS Implementation Members
- CoC Team (if any)
- Suppliers, Stakeholders
- Record: File.