

SBP

Sustainable Biomass Partnership

NSF International Evaluation of Varn Wood Pellets, LLC Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

*For further information on the SBP Framework and to view the full set of documentation see
www.sustainablebiomasspartnership.org*

Document history

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1 Overview

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Primary contact for SBP: Norman Boatwright, nboatwright12@gmail.com , 843.229.1851

Report completion date: 02/Mar/2017

Report authors: Norman Boatwright – Lead Auditor and Tina Sentner – GHG Auditor

Certificate Holder: Varn Wood Pellets, LLC, 11873 Brantley Ave N., Hoboken, GA 31542 USA

Producer contact for SBP: Will Varn, wfvarn1@gmail.com , 912-458-2185

Certified Supply Base: Select Counties in Alabama, Florida and Georgia

SBP Certificate Code: SBP-02-04

Date of certificate issue: 15/Apr/2016

Date of certificate expiry: 14/Apr/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The manufacture of wood pellets and truck transport to the port of Brunswick, Georgia, including Standards 1, 2, 4 and 5 for the Hoboken, Georgia facility. The SBP Standard certification number is SBP- 02-04.

3 Specific objective

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

4 SBP Standards utilised

4.1 SBP Standards utilised

Standard 1: Feedstock Compliance Standard, Version 1.0, March 2015

Standard 2: Verification of SBP-Compliant Feedstock, Version 1.0, March 2015

Standard 4: Chain of Custody, Version 1.0, March 2015

Standard 5: Collection and Documentation of Data. Version 1.0 March 2015

These documents can be reviewed at: <http://www.sustainablebiomasspartnership.org/documents/standards-documents/standards>.

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Varn Wood Pellets supplies wood fiber to pellet mill located in Hoboken, Georgia. The company sources sawmill residuals from its sawmill located in Hoboken, GA and previously sourced a very small amount of wood flour from a nearby pellet mill. This mill has closed and will not be supplying any material to the Company. The Company only sources material from its sawmill. Pine is only genus utilized.

Inputs: Approximately 51% of the input material is SFI and ATFS certified (both PEFC endorsed) and the remaining is PEFC controlled.

Outputs:

SBP Compliant Biomass

EUTR Compliant Biomass

5.2 Description of Biomass Producer's Supply Base

The supply base for the pine sawmill and nearby pine shavings and wood pellet mills includes hundred eighteen (118) counties (15,324,665 hectares) in Alabama (3 counties), Georgia (78 counties) and Florida (37 counties) within the United States. Forests are the predominant land use in this supply base (67%). Pine forests comprise the largest forest type (49%) of the supply area's forest followed by hardwood forests (38%). The pine/oak forest comprises 10% of the supply area's forest type while about 3% of the forest is considered non-stocked. About 62% of the supply area's forests are managed as natural forests (6,419,069 hectares) while the remaining 38% of the supply area's forests are artificially regenerated (3,918,395 hectares).

VWP receives its fiber primarily from its on-site pine sawmill. Small landowners provide 29% of the fiber furnish to the pine sawmill while large private landowners provide the remaining 71%. No fiber originates from public lands.

The forest products industry is a very large part of the area's economy and is one of the top industries within the states generating \$16.9 billion in GA, \$14.5 billion in FL and \$11.2 billion in AL annually. In GA, there are 12 pulp/paper manufacturing facilities and 10 bioenergy facilities within the state. In FL, there are 67 wood products facilities and 6 pulp/paper manufacturing facilities within the state.

As previously stated, pine forests dominate the majority of the forests within the supply area. Primary species for these pine forests include loblolly pine (*Pinus taeda*), slash pine (*Pinus elliotti*) and longleaf pine (*Pinus palustris*). No species purchased at the VWP facility is listed on the CITES list. Longleaf pine was recently added to the IUCN Red List.

Pine forests are typically managed on an even-aged basis with a rotation age of 25 to 30 years. During this rotation, the pine stand may be thinned one or two times during the middle of the rotation with a final harvest completing the rotation. Most pine forests are artificially regenerated with pine seedlings planted by hand to defined stand densities. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can become established. Fertilizers are not normally applied to these forests due to cost. Some private investment groups (REITS, TIMOs) may apply fertilizers on forests which are more intensively managed. These intensively managed pine forests represent a very small percentage of the overall pine forests in the supply basin.

Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 40 to 50 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests.

The vast majority of forests in the VWP supply area are managed according to state forestry best management practices (BMPs). While these BMPs are normally voluntary, all VWP suppliers are contractually required to abide by them. Supplier compliance with state BMPs is verified by periodic audits conducted by VWP. VWP’s Sustainable Forestry Initiative (SFI) fiber sourcing certification and procedures require all harvesting professionals to maintain continuing education training on BMPs and other sustainable forestry issues such as wildlife habitats and biodiversity and aesthetics. Overall BMP compliance reported for 2015 was 89.9% (GA) and 98.9% (FL) and 97% for AL in 2010.

Sustainable forestry certification is present in VWP’s supply with the pine sawmill purchasing approximately 51% of its fiber as certified (SFI and ATF). No FSC certified fiber has been purchased to date.

VWP does not purchase any primary feedstock. Secondary feedstock is received in the form of pine chips, pine sawdust, pine shavings from its on-site sawmill and pine wood flour from one supplier. Moving forward, the Company will only use input from its sawmill.

SFI/ATFS Forest Management certified raw material delivered to the Company’s sawmill varies monthly and averaged approximately 51% of total input since the certification audit.

5.3 Detailed description of Supply Base

- Total Supply Base area (ha): 15,324,665 ha
- Tenure by type (ha): Privately owned (8,589,788 ha) / Public (1,747,675 ha)
- Forest by type (ha): Temperate (10,337,463 ha)
- Forest by management type (ha): Plantation (3,918,395 ha) / Managed Natural (6,119,360 ha) / Natural (299,709 ha)
- Certified forest by scheme (ha): SFI (1,819,987 ha - total) (GA - 973,479 ha; FL - 826,508 ha; AL -

20,000 ha) / ATF (93,454 ha - total) (GA - 34,685 ha; FL - state-wide 35,748 ha; AL - 23,021 ha) / FSC (15,127 ha – total & GA only)

5.4 Chain of Custody system

The Company is PEFC Chain of Custody certified and uses the management and control systems required for these certifications to implement the SBP program. The CoC certificates are for a single site. Pellets are manufactured at the facility and trucked to the port in Brunswick, GA. Ownership of the pellets transfers to another entity when the trucks cars are weighed at the port. The audit confirmed that the Company's wood flow accounting system is capable of correctly tracking certified and uncertified inputs.

6 Evaluation process

6.1 Timing of evaluation activities

Date	Location/Method	Activity	Participants
9/2/2016	Planning call	Confirm audit date, review logistics and develop audit plan - 2 hours	Norman Boatwright and Will Varn
12/20-21/2016	Surveillance Audit to Standards 1, 2, and 4	Hoboken, GA office, facility tour and harvest field sites - 12 hours	Boatwright, Varn, Matt Stephens, Sammy Gaskins and Hollingsworth
2/1-3/2017	Office	Review of information, follow-up calls and emails, finalize report - 10 hours	Boatwright
2/1/2017	Office	GHG Review initial data - 4 hours	Sentner
2/7/2017	Office	GHG Call with Mike Hollingsworth to discuss data data - 3 hours	Sentner
2/19/2017	Office	GHG Review new data 3.5 hours	Sentner
2/21/2017	Office	GHG Call with M. Hollingsworth - 2 hours	Sentner
2/22/2017	Office	GHG Review data updates - 4 hours	Sentner
2/23/2017	Office	GHG - Call w MH, work on checklist and report - 4 hours	Sentner
2/24/2017	Office	GHG Finalize Report - 1.5 hours	Sentner
2/24/2017	Office	GHG Final Report Review - 2 hours	John C. Shideler, PhD

6.2 Description of evaluation activities

NSF initiated the SBP audit process with a planning call to confirm the scope of the audit, determine whether any changes had occurred in the Company’s policies and procedures and set the audit dates. NSF then prepared a detailed audit plan and conducted the SBP Surveillance Audit of conformance to the SBP Standards with focus on the SBE/SBR and chain of custody requirements. A report was prepared and final approval was done by an independent Certification Board Member assigned by NSF. Follow-up or Surveillance Audits are required by the SBP Standards. The next Surveillance Audit is scheduled for August 28-30, 2017.

The Surveillance audit was originally scheduled for October 17-19, 2016 and was rescheduled for December 20-21, 2016 due to damage caused by Hurricane Matthew which struck the southeastern US on October 8th.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable SBP requirements. The plan provided for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices and management systems.

During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of SBP Conformance. As part of the SFI Fiber Sourcing audit of the sawmill, NSF also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF SFI FS SOP. NSF also selected and interviewed stakeholders such as contract loggers, wood suppliers and other interested parties, and interviewed employees within the organization to confirm that the SBP Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance and Opportunities for Improvement. The Company was found to be in full conformance with the Standard and NSF recommends continued certification.

6.3 Process for consultation with stakeholders

Stakeholders were not engaged as this is a surveillance audit, the supply basin boundaries did not change and the risk designation was not changed for any indicators.

7 Results

7.1 Main strengths and weaknesses

Varn Wood Products is certified to the SFI Fiber Sourcing Standard and to the PEFC Chain of Custody Standard. Accordingly, it has developed and refined its procedures to enable it to track fiber from the district of origin and throughout the supply system and manufacturing process.

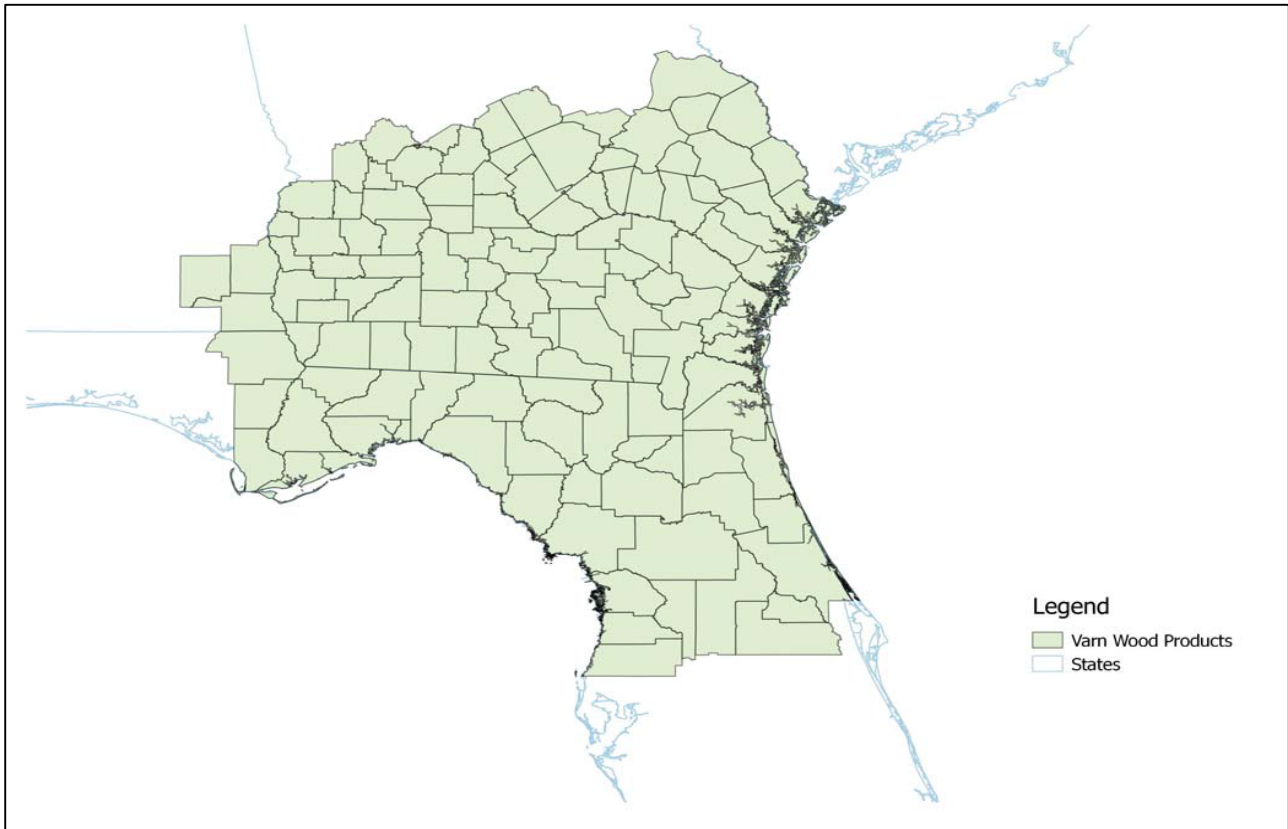
Strengths include the ability to track roundwood sourced by the Varn Wood Products sawmill back to the tract it was harvested from and the process used to determine and confirm the district of origin for residual material. The strong corporate commitment to source fiber sustainably is an additional strength.

The audit did not identify any weaknesses.

7.2 Rigour of Supply Base Evaluation

The Company conducted a rigorous Supply Base Evaluation for the certification audit that is adequate for the characteristics of the supply base. Risk was designated low for all core indicators and has not changed. The Company has basically built mitigation measures into its procedures and fiber sourcing programs.

In addition, the Company has chosen to define the geographical scope of the SBE as a portion of the states of Alabama, Florida and Georgia to ensure that fiber is not received from outside the SBE scope area. The actual wood draw area consists of an area defined as one hundred road miles from the pellet mill. See the map below:



7.3 Compilation of data on Greenhouse Gas emissions

A rigorous GHG audit determined that the Company’s GHG data is complete and accurate. The data provided by the Company was verified during the audit and is comparable to data obtained from similar sized operations.

7.4 Competency of involved personnel

The SBE was performed by Gary Boyd, a well-known Forestry Program certification consultant, in consultation with key Company employees. Garry attended an SBP training session.

The Company’s management and control systems for SBP are the same as those used to meet the SFI Fiber Sourcing and PEFC Chain of Custody requirements. Key personnel tasked with implementing the Company’s management and control systems relating to SBP compliance are well trained and competent, with strengths in markets, silviculture, management, harvesting, and conservation issues. Their knowledge of SBP requirements is strong. This is a new standard, so any relevant experience is limited to the pre-existing Fiber Sourcing and CoC Standards.

7.5 Stakeholder feedback

Stakeholders were not engaged as this is a surveillance audit. The Company has not received any complaints relative to SBP.

7.6 Preconditions

No preconditions were identified.

8 Review of Biomass Producer’s Risk Assessments

The NSF Forestry Program Manager was the Lead Auditor for this certification audit. He is familiar with the Company’s forest certification programs as well as issues related to forestry, conservation and biodiversity in the south-eastern US. The Lead Auditor confirmed that the supply basin had not been changed since the certification audit and determined that the low risk designation for all indicators has not changed.

Table 1. Final risk ratings of Indicators as determined after the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Biomass Producer's mitigation measures

Mitigation Measures are not necessary because the risk rating is low for all indicators. Due to the Company's certification to the above referenced Standards, the Company has built mitigation measures into its procedures and fiber sourcing programs.

10 Non-conformities and observations

No non-conformities or observations were issued. The Company has used its existing procedures and management systems to implement SBE in a very effective manner.

11 Certification decision

Based on the approval of the SBP surveillance audit report by NSF CB Reviewer Anne Marie Kittredge, Varn Wood Products, LLC has been approved for continuing certification by NSF as meeting the requirements of Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, 4 and 5.

Original certification granted 15 April 2016

The expiration date of the certificate is 14 April 2021.

12 Surveillance updates

12.1 Evaluation details

The 1st annual Surveillance audit for Standards 1, 2 and 4 was conducted December 20-21, 2016 and included a site visit to the Hoboken, GA facility and site visits to 11 harvest sites.

The audit focused on the GHG and chain of custody requirements as no SBP claims had been made.

12.2 Significant changes

There are no significant changes to the supply base or risk ratings.

12.3 Follow-up on outstanding non-conformities

Non-conformities were not identified during the evaluation audit.

12.4 New non-conformities

Non-conformities were not identified during the surveillance audit.

12.5 Stakeholder feedback

Interviews indicate there has been no additional stakeholder feedback. A stakeholder consultation was not conducted.

12.6 Conditions for continuing certification

As indicated in Section 11, NSF recommends continued certification as no issues were identified.

12.7 Certification recommendation

Based on the approval of the SBP surveillance audit report by NSF CB Reviewer Anne Marie Kittredge, Varn Wood Products, LLC has been approved for continuing certification by NSF as meeting the requirements of Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, 4 and 5.

Original certification granted 15 April 2016

The expiration date of the certificate is 14 April 2021.