SBP

Sustainable Biomass Partnership

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

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

Template document history

CB Public Summary Report Template Version 1.0: published 26 March 2015

Contents

1 Overview

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Report completion date:	06/01/2016
Report authors:	Norman Boatwright – Lead Auditor, Carey Potter – Team 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, +1 912 458 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/Sep/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**
☑	☐	☐	☐	☐

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. SBP-endorsed Regional Risk Assessment

Supply Base Evaluation is not included in the scope of the evaluation.

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 and pellet flour from the states of Alabama, Georgia and Florida. 99.3% of the input material is sourced from the on-site Varn Wood Products saw mill. Pine is only genus utilized.

Inputs: Approximately 35% of the input material is SFI and ATFS certified (both PEFC endorsed) and the remaining is PEFC controlled.

99.64 is pine sawmill residual and 0.36% is pellet flour.

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 2013 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 60% of its fiber as certified (SFI – 36% and ATF – 24%). 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, pine shavings from 2 nearby sawmills and pine wood flour from one supplier.

SFI/ATFS Forest Management certified raw material delivered to the Company's sawmill varies monthly and is generally between 23% and 49% of total input.

http://varnwood.com/

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)

Feedstock

Total volume of Feedstock:	150,218 tonnes
Volume of primary feedstock:	0 tonnes

List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes (Not applicable)

List all species in primary feedstock, including scientific name: None

A quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report.

5.4 Chain of Custody system

The Company is PEFC Chain of Custody certified and plans to utilize the systems already in place to track SBP certified biomass.

6 Evaluation process

6.1 Timing of evaluation activities

Date	Location/Method	Activity	Participants
8/24/2015	Planning call	Set Readiness Review date - 2 hours	Norman Boatwright, Will Varn
10/10/2015	Readiness Review via	Conduct Readiness Review - 8 hours	Boatwright and Parrish
10/26-27/2015	Certification Audit to	Hoboken, GA office - 16 hours	Boatwright, Varn, Carey Potter, Tina Sentner
	Standards 1, 2, 4 and 5	Field Sites - 8 hours, GHG 8 hours	Mike Hollingdworth
11/6/2015	US Mail	Stakeholder Consultation - 3 hours	Boatwright
11/23/2015	Email and phone	Final GHG Data request completed	Sentner, John Shideler
		16 hours **Certification Audit Complete**	
12/10/2015	Email	Stakeholder Consultation - 1 hour	Boatwright
12/10/2015 -	Office	Review of information, follow-up calls	Boatwright
1/6/2016		and emails, finalize report - 24 hours	

6.2 Description of evaluation activities

NSF initiated the SBP audit process with a Readiness Review to confirm the scope of the audit, review the SBP Indicators and evidence to be used to assess conformance, verify that the Company was prepared to proceed to the SBP Certification Audit, and to prepare a detailed audit plan. NSF then conducted the SBP Certification Audit of conformance to the SBP Standards. 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 initial Surveillance Audit is scheduled for the week of October 17, 2016.

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. Several additional data requests were made relative to Standard 5. These requests were adequately addressed and NSF recommends certification.

6.3 Process for consultation with stakeholders

The Company provided the stakeholder list and contact information, a copy of the letter sent out to stakeholders and responses received. This information was reviewed as it was received and again during the audit. The Company sent the letter to twenty-seven stakeholders on September 16, 2015. Two responses were received and both were positive: US Fish & Wildlife Service and the Dean of the Warnell School of Forestry and Natural Resources at the University of Georgia.

Norman Boatwright, NSF Lead Auditor, also sent letters to the entire contact list on November 6, 2015. One positive response was received from the Georgia Forestry Commission.

This process revealed that stakeholders are not generally concerned about the plant or the harvesting activities associated with supplying raw materials.

7 Results

7.1 Main strengths and weaknesses

Varn Wood Products is certified to the SFI Fiber Sourcing Standard and Varn Wood Pellets is certified to the PEFC Chain of Custody Standard. Accordingly, it has developed and refined it's 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 has conducted a rigorous Supply Base Evaluation. Risk was designated low for all core indicators. The Company is SFI Fiber Sourcing and PEFC Chain of Custody certified and 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 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.

7.3 Compilation of data on Greenhouse Gas emissions

The Company's GHG data is complete and accurate. Many of the data requests required by Standard 5 at the time of the audit were unclear and not well defined. These issues were discussed during the GHG audit and several additional data requests/clarifications were requested by the GHG auditor. These requests were promptly met by the Company.

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

As indicated above, there was one positive response was received from the Georgia Forestry Commission.

7.6 Preconditions

The GHG Auditor issued a precondition related to an additional GHG data request. The request was answered promptly and no additional action was required.

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 southeastern US. The Lead Auditor reviewed the risk assessment and followed standard audit trails to confirm sensitive or important elements of the approach. He used his pre-existing knowledge, some web searches, and his experience with other forest certification risk assessments to assess the risks.

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

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

2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	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

Varn Wood Products, LLC has been certified by the CB as of 15 April 2016 as meeting the requirements of Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, 4 and 5.

The expiration date of the certificate is 14 April 2021.

12 Surveillance updates

The first annual surveillance audit is scheduled for the week of October 17, 2016.