

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

Second Surveillance Audit

www.sbp-cert.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.sbp-cert.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: 21/Dec//2017

Report authors: Norman Boatwright – Lead Auditor and Mark Lutz– GHG Auditor

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

Producer contact for SBP: Will Varn, wfvvarn1@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"/>	<input type="checkbox"/>	X	<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 a small amount of residual material from nearby sawmills. Pine is only genus utilized.

Inputs: Approximately 50% 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 includes hundred thirty-five (135) counties (18,557,462 hectares) in Alabama (3 counties), Georgia (84 counties) and Florida (48 counties) within the United States. Forests are the predominant land use in this supply base (66%) 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 64% of the supply area's forests are managed as natural forests (7,686,610 hectares) while the remaining 38% of the supply area's forests are artificially regenerated (4,326,487 hectares).

VWP purchases its fiber primarily from its sister pine sawmill. Small landowners provide 19% of the fiber furnish to the pine sawmill while large private landowners provide the remaining 81%. No fiber originates from public lands.

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 costs. 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 GA was 91.1% (2015), FL was 98% (2016) and AL was 98.2% (2016).

Sustainable forestry certification is present in VWP's supply with the pine sawmill purchasing 50% of its fiber as certified (SFI – 33% and ATF – 17%). 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 the company's sister sawmill and five sawmills within the company's supply area.

5.3 Detailed description of Supply Base

- a. Total Supply Base area (ha): 12,165,914
- b. Tenure by type (ha): privately owned (9,883,983) / public (2,281,931)
- c. Forest by type (ha): temperate (12,165,914)
- d. Forest by management type (ha): plantation (4,356,337)/managed natural (7,469,687)/natural (399,890)
- e. Certified forest by scheme (ha): SFI (1,819,987 - total) (GA - 973,479; FL - 826,508; AL - 20,000) / ATF (92,188 ha - total) (GA - 32,008; FL - 37,103; AL - 22,997) / FSC (15,785 - total) (GA - 15,120; AL - 665)

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
7/10/2017	Planning call	Confirm audit date, review logistics and develop audit plan - 2 hours	Norman Boatwright and Will Varn
7/24/2017	Office	Review RA Public Summary and stakeholder list	Boatwright
8/14-16/2017	Surveillance Audit to Standards 1, 2, and 4	Hoboken, GA office, facility tour and harvest field sites - 12 hours	Boatwright, Varn, Matt Stephens, and Hollingsworth
11/1-26/2017	Office	GHG Review and follow-up 16 hours	Lutz and Hollingsworth
12/21-22/2-17	Office	Finalize report - 8 hours	Boatwright
12/22/2017	Office	CB Review - 4 hours (estimate)	Kittridge

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, 2018.

The Surveillance audit was conducted August 14-16, 2017 in conjunction with an SFI Fiber Sourcing audit of the sawmill's procurement organization and a PEFC Chain of Custody audit of the sawmill and pellet mill.

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

During the audit planning call, NSF discovered that Varn expanded its supply basin to include additional counties without notifying NSF, updating the risk assessment or conducting a stakeholder evaluation. NSF issued a CAR. NSF approved the Company's Risk Assessment and stakeholder list and the Company mailed the stakeholder letters along with a public summary of its risk assessment and the draft SBR.

NSF used the same stakeholder list, the draft SBR and RA public summary and emailed/mailed stakeholders on September 4, 2017.

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.

NSF noted a non-conformity relative to Georgia Biomasses' failure to initially contact additional stakeholders in response to expanding the supply basin.

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 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

There was a single positive response to the Company's stakeholder engagement process and no comments in response to NSF's request for feedback.

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

CAR # J J0877441-1

Requirement: SBP STD 2 Verification of SBP-compliant Feedstock – Indicator 13.4: “Relevant stakeholders shall be informed of the SBE at least one month prior to the end of the evaluation. Stakeholders shall be provided with adequate information as a basis for informed comment, but may not be provided with sensitive or commercially confidential information”; and Instruction Note 2B – Indicator 1.3: “Interested stakeholders shall be notified at least one month in advance of the end of the SBE, and shall be provided with opportunities for engagement in management planning and monitoring processes likely to impact on their interests”.

Grading: Major non-conformance. The BP did not conduct a stakeholder consultation for the new supply basin prior to the end of the SBE for the surveillance audit.

During the planning call for the audit, it was discovered that the Company had not conducted a stakeholder consultation for the expanded supply basin including 17 counties.

Timeframe: The Company responded immediately to the finding and developed a public summary of the revised risk assessment and stakeholder list to be approved by the auditor. The request for comment was mailed by the Company and a single positive response was received. NSF initiated its stakeholder consultation process 30 days after Varn’s mailing and received no responses.

Statement: Based on NSF’s experience with stakeholder consultations for the expanded supply basin, it is unlikely that this non-conformance will negatively impact the integrity of the affected SBP-certified products (the Company does not use the SBP trademark). The area has a long standing tradition as a source of fiber for the forest products industry.

Resolution: Varn’s rapid response to the corrective action request was thorough and the stakeholder engagement process was fully implemented. This CAR is closed.

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

Note: Surveillance updates shall be provided to SBP as specified in SBP Standard 3: Certification Systems: Requirements for Certification Bodies.

12.1 Evaluation details

The 2st annual Surveillance audit for Standards 1, 2, 4 and 5 was conducted August 14-16, 2017 and included a site visit to the Hoboken, GA facility and site visits to 11 harvest sites.

The audit focused on the risk assessment, stakeholder engagement process, GHG and chain of custody requirements as no SBP claims had been made.

12.2 Significant changes

Seventeen (17) additional counties were added to the existing supply basin. A risk assessment was conducted with findings of low risk for all indicators.

12.3 Follow-up on outstanding non-conformities

None.

12.4 New non-conformities

See Section 10. A major non-conformance was issued relative to the stakeholder engagement process and the expanded supply basin. The issues were adequately address and the non-conformance closed.

12.5 Stakeholder feedback

The stakeholder engagement process resulted in a single positive comment

12.6 Conditions for continuing certification

As indicated in Section 11, NSF recommends continued certification as no unresolved issues exist.

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 and the expiration date of the certificate is 14 April 2021.