



Biomass Energy LLC 2011 SFI Summary Audit Report

The SFI Program of the Biomass Energy LLC of Bumpass, Virginia has achieved conformance with the SFI Standard®, 2010-2014 Edition, according to the NSF-ISR SFIS Certification Audit Process.

Biomass Energy LLC operates a chip mill and pellet plant near Bumpass, Virginia and procures hardwood and pine roundwood, chips and sawdust primarily from central Virginia. The Company's SFI Program is managed by Ron Hickman.

The audit was performed by NSF-ISR on November 11, 2011 by an audit team headed by Norman Boatwright, Lead Auditor. Audit team members fulfill the qualification criteria for conducting SFIS Certification Audits of "Section 9. SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation" contained in Requirements for the SFI 2010-2014 Program: Standards, Rules for Label Use, Procedures, and Guidance.

The objective of the audit was to assess conformance of the firm's SFI Program to the requirements of the Sustainable Forestry Initiative® Standard, 2010-2014 Edition.

The scope of the SFIS Audit included procurement operations. Procurement operations were reviewed to ensure that SFI Procurement Standards were met. In addition, SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit.

Several of the SFI Performance Measures were outside of the scope of Biomass Energy LLC's SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Objectives 1-7 Land Management
- Core Indicator 8.1.2 FECV in harvests of purchased stumpage (Biomass Energy does not purchase stumpage)
- Core Indicator 10.1.2 Purchased Stumpage comply with BMPs (Biomass Energy does not purchase stumpage)
- Core Indicator 10.1.3 Contracts for the purchase of raw material (Biomass Energy does not purchase stumpage)
- Objectives 11 - 13 Fiber Sourcing outside Canada and the US
- Core Indicator 14.2.2 Forestry Enterprises
- Core Indicator 15.1.2 Research on genetically engineered trees
- Core Indicator 16.1.4 Contractor Training
- Core Indicator 16.1.5 Forestry Enterprises
- Core Indicator 16.2.2 Logger certification programs
- Objective 18 Public land management responsibilities

No indicators were modified.

SFIS Audit Process

NSF-ISR initiated the SFIS audit process with a Readiness Review to confirm the scope of the audit, review the SFI Indicators and evidence to be used to assess conformance, verify that Biomass Energy LLC was prepared to proceed to the SFIS Certification Audit, and to prepare a detailed audit plan. NSF then conducted the SFIS Certification Audit of conformance to the SFI Standard. 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 2010-2014 Sustainable Forestry Initiative Standard ®. The initial Surveillance Audit is scheduled for November 7, 2012.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable SFI 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.

During the audit NSF-ISR reviewed a sample of the written documentation assembled to provide objective evidence of SFIS Conformance. NSF-ISR 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-ISR SFI-SOP. NSF-ISR also selected and interviewed stakeholders such as wood suppliers and other interested parties, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the SFIS.

Overview of Audit Findings

Biomass Energy LLC's SFI Program was found to be in conformance with the SFIS Standard. NSF-ISR determined that there is a minor non-conformance:

- CI 10.2.2 Use of information from the verifiable monitoring system to maintain rates of conformance to best management practices and to identify areas for improved performance. Biomass Energy could not produce evidence, verbal or documented, that they had used information from the verifiable monitoring system to maintain rates of BMP conformance or to identify areas for improved BMP performance.

Biomass Energy LLC has developed a plan to address this issue and this minor non-conformance has already been resolved. Progress in implementing this corrective action plan will be reviewed in subsequent surveillance audits.

An opportunity for improvement was also identified:

- 17.1.1 There is an opportunity to improve the support, including financial, for efforts of SFI Implementation Committees.

These findings do not indicate a current deficiency, but served to alert Biomass Energy LLC to areas that could be strengthened or which could merit future attention.

General Description of Evidence of Conformity

NSF's audit team used a variety of evidence to determine conformance. A general description of this evidence is provided below, organized by SFI Objective.

Objective 8. Landowner Outreach - To broaden the practice of sustainable forestry by forest landowners through fiber sourcing programs.

Summary of Evidence – Interviews with staff and stakeholders and review of programs offered (newsletters and brochures on file) were used to confirm these requirements.

Objective 9. Use of Qualified Resource and Qualified Logging Professionals - To broaden the practice of sustainable forestry by encouraging forest landowners to utilize the services of forest management and harvesting professionals.

Summary of Evidence – Stakeholder interviews were the key evidence for this objective.]

Objective 10. Adherence to Best Management Practices - To broaden the practice of sustainable forestry through the use of best management practices to protect water quality.

Summary of Evidence –Field observations and review of BMP monitoring records were the primary evidence used to assess adherence to BMPs.

Objective 14. Legal and Regulatory Compliance -

Compliance with applicable federal, provincial, state and local laws and regulations.

Summary of Evidence – Review of procedures and interviews with company personnel were the most critical evidence. Regulatory organizations contacted included the North Carolina Forestry Commission.

Objective 15. Forestry Research, Science, and Technology - To support forestry research, science, and technology, upon which sustainable forest management decisions are based.

Summary of Evidence – Financial records were confirmed by contacting the recipients of research support.

Objective 16. Training and Education -To improve the implementation of sustainable forestry practices through appropriate training and education programs.

Summary of Evidence – [Training records of selected personnel, records associated with harvest sites audited, and stakeholder interviews were the key evidence for this objective.

Objective 17. Community Involvement in the Practice of Sustainable Forestry -

To broaden the practice of sustainable forestry by encouraging the public and forestry community to participate in the commitment to sustainable forestry, and publicly report progress.

Summary of Evidence – Mailing lists, agendas for meetings, and selected summaries of comments were sufficient to assess the requirements.

Objective 19. Communications and Public Reporting - To broaden the practice of sustainable forestry by documenting progress and opportunities for improvement.

Summary of Evidence – Confirmed the company is aware of this requirement and will submit a summary audit report to SFI Inc.

Objective 20. Management Review and Continual Improvement - To promote continual improvement in the practice of sustainable forestry, and to monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Summary of Evidence – Records of program reviews, agendas and notes from management review meetings, and interviews with personnel from all involved levels in the organization were assessed.

Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry

To practice sustainable forestry to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing and harvesting of trees for useful products and ecosystem services such as the conservation of soil, air and water quality, carbon, biological diversity, wildlife and aquatic habitats, recreation, and aesthetics.

2. Forest Productivity and Health

To provide for regeneration after harvest and maintain the productive capacity of the forest land base, and to protect and maintain long-term forest and soil productivity. In addition, to protect forests from economically or environmentally undesirable levels of wildfire, pests, diseases, invasive exotic plants and animals and other damaging agents and thus maintain and improve long-term forest health and productivity.

3. Protection of Water Resources

To protect water bodies and riparian zones, and to conform with best management practices to protect water quality.

4. Protection of Biological Diversity

To manage forests in ways that protect and promote biological diversity, including animal and plant species, wildlife habitats, and ecological or natural community types.

5. Aesthetics and Recreation

To manage the visual impacts of forest operations, and to provide recreational opportunities for the public.

6. Protection of Special Sites

To manage forests and lands of special significance (ecologically, geologically or culturally important) in a manner that protects their integrity and takes into account their unique qualities.

7. Responsible Fiber Sourcing Practices in North America

To use and promote among other forest landowners sustainable forestry practices that are both scientifically credible and economically, environmentally and socially responsible.

8. Avoidance of Controversial Sources including Illegal Logging in Offshore Fiber Sourcing

To avoid wood fiber from illegally logged forests when procuring fiber outside of North America, and to avoid sourcing fiber from countries without effective social laws.

9. Legal Compliance

To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations.

10. Research

To support advances in sustainable forest management through forestry research, science and technology.

11. Training and Education

To improve the practice of sustainable forestry through training and education programs.

12. Public Involvement

To broaden the practice of sustainable forestry on public lands through community involvement.

13. Transparency

To broaden the understanding of forest certification to the SFI 2010-2014 Standard by documenting certification audits and making the findings publicly available.

14. Continual Improvement

To continually improve the practice of forest management, and to monitor, measure and report performance in achieving the commitment to sustainable forestry.

Source: Sustainable Forestry Initiative® (SFI) Standard, 2010-2014 Edition

END OF PUBLIC REPORT