NEPCon Evaluation of AS Ilnet Transit Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

www.sbp-cert.org

The promise of good biomass

Completed in accordance with the CB Public Summary Report Template Version 1.4

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Table of Contents

1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@nepcon.org, +34 605 638 383
Current report completion date:	17/Aug/2020
Report authors:	Oļesja Puišo
Name of the Company:	AS Ilnet Transit, Kaupmehe 4-25, Tallin, 10114, Estonia
Company contact for SBP:	Sergei Jelagin, manager, +372-5136547, ilnet.transit@gmail.com
Certified Supply Base:	N/A Trader
SBP Certificate Code:	SBP-08-17
Date of certificate issue:	20/Aug/2020
Date of certificate expiry:	19/Aug/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The scope of the evaluation includes the trading of wood pallets and wood chips supplied by SBP certified suppliers, storage into Ventspils harbour and sales worldwide.

Description of the scope: Biomass trading activity with physical possession of certified biomass (wood pellets and wood chips).Biomass may be delivered by different means of transport to endpoints all over the world on different Incoterm delivery conditions. The scope of the certificate does not include Supply Base Evaluation. The scope includes communication of Dynamic Batch Sustainability Data.

3 Specific objective

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

The scope of the evaluation covered:

- Review of the Biomass Trader's management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations
- GHG data collection analysis.
- Implementation of CCP at port of Ventspils

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from https://sbp-cert.org/documents/standards-documents/standards

☐ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)

☐ SBP Framework Standard 2: Verification of SBP-compliant Feedstock *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 4: Chain of Custody *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 5: Collection and Communication of Data *(Version 1.0, 26 March 2015)*

4.2 SBP-endorsed Regional Risk Assessment

N/A Trader

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

AS Ilnet Transit is a trader registered in Tallin, Estonia. Organisation specialise in trade of renewable energy sources, primarily biomass including sunflower husk pellets, wood pellets, wood chips. In addition to this Organisation also work with products of agro-industrial complex, such as sunflower cake, sunflower meal, crops.

The Organisation is trader with physical pocession trading the wood pallets and wood chips. Biomass is stored in harbour of Ventspils, Latvia and sold worldwide at different incotrm conditions. The most common incoterm applied are FOB, DAP and CIF.. The organization is under process of getting FSC certificate with transfer system implemented (for this evaluation FSC CoC system was used). The assessment audit was conducted in parallel with this SBP assessment.

The scope of the certificate cover both wood pellets and wood chips. Organisation is certified as broker with physical possession activities.

5.2 Description of Company's Supply Base

N/A

5.3 Detailed description of Supply Base

N/A

5.4 Chain of Custody system

The organization has implemented the FSC transfer system for wood pellets and wood chips with physical material possession in the scope of the certificate. The process covers procurement, storage and trade of wood pallets and wood chips. The biomass might be stored in logistic site situated in the port of Ventspils. FIFO recordkeeping method is applied for harbour storage. Biomass storage is outsourced process and is implementedby stividor company. The processs is covered by the outsourcing agreement.The biomass sold with SBP claim is always purchased with SBP claim. At the same time the biomass is also FSC certified. Non certified (EUTR compliant biomass) is always segregated from SBP biomass (transported in separate transport unit and stored in separate warehouse). Each batch of purchased material is recorded in the internal system. FSC system covers 2 claims: FSC 100% and FSC Mix credit. In case material with 2 claims are mixed, the lower FSC mix credit claim might would be applied.

6 Evaluation process

6.1 Timing of evaluation activities

The audit was carried out on 03rd and 11th August 2020. One auditor day was needed for the onsite audit, covering document evaluation prior to the main assessment 4h and desk evaluation 4h..

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Desk based	OP	03/08/2020 10.00-10.20
Interview with the SBP and CoC responsible person; review of FSC/ SBP related procedures, schedules and records. Review of procurement, storage, sales, recordkeeping, GHG data accounting processes. Discussion of the subcontractor storage activities at the logistic site, analysis of the CCP	Desk based	OP	10:20-14.00
Closing meeting, covering results of the day	Desk based	OP	03.08.2020 14:00-14:20
Storage place visit, Interview with stividor company representative. Discussion of storage, segregation, H&S, recordkeeping and custom related processes	Port of Ventspils	OP	11.08.2020 15.00-16.00
Closing meeting	Desk based	OP	11.08.2020 16.00

OP – Oļesja Puišo

6.2 Description of evaluation activities

Since organisation is broker with physical possession the audit was conducted as partial remote.

Audit was started with the remote evaluation with responsible staff. The initial audit was started with an opening meeting attended by manager Sergei Jelagin and board member Juri Jelagin. During the meeting lead auditor introduced herself, provided information about audit plan, methodology and aim of the audit. CB's approval related issues and confidentiality issues were covered as well.

After that auditor went through all applicable requirements of the standard 4,5 as well as instruction document 5E covering management system, CoC, recordkeeping requirements, GHG data reporting. Later on the purchasing, storage, sales and rcordkeeping topics were covered. During the process the overall responsible person for SBP system was interviewed and the energy data collection and SREGs related issued had been discussed. During the closing meeting auditor explained the results of the audit and further actions were discussed.

After the main part of the evaluation a harbour visit was taking place. During the evaluation stividor company representative was intervied, storage, segregation, harbour logistics processes was discussed.

After second part evaluation audit results was provided to the represntative of the company in writing.

Composition of audit team

Auditor(s), roles	Qualifications
Oļesja Puišo, Lead auditor for SBP, FSC, evaluation against all applicable requirements	Audit team leader. Olesja has passed CoC/ FM lead auditor training, PEFC CoC, ISO 140001, SAN and Legal Source training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. She has passed the SBP lead auditor training and has participated on several SBP assessments.

6.3 Process for consultation with stakeholders

N/A

7 Results

7.1 Main strengths and weaknesses

Strengths: The internal system is well organized, small number of suppliers, small number of the responsible staff simple management system.

Weaknesses: See in the NCR section of the report.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

Only SREG reporting is included into the scope of the evaluation.

7.4 Competency of involved personnel

All responsibilities are shared in between board member and manager. Both persons were interviewed during the evaluation and demonstrated suffecient knowledge of the certification requirements as well as good general knowledge about the sector.

7.5 Stakeholder feedback

N/A

7.6 Preconditions

N/A

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND <u>after</u> the SVP has been performed and after any mitigation measures have been implemented.

N/A

9 Review of Company's mitigation measures

N/A

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following: - *applicable requirement(s)* - *grading of the non-conformity (major or minor) or observation with supporting rationale* - *timeframe for resolution of the non-conformity* - *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

NC number *01/20 (474320*	**NC Grading: Minor**
Standard & Requirement:	Standard #4, p.5.1.2
Description of Non-conformance and Related Evidence:	
During the audit it was identified that the internal recordkeeping system is not adopted to track FSC/ SBP-compliant feedstock. Planned changes into the existing recordkeeping file/system were discuss, however the file itself was not updated.	
Timeline for Conformance:	12 months from report finalization date
Evidence Provided by Company to close NC:	Updated recordkeeping file
Findings for Evaluation of Evidence:	Right after the audit Organisation presented new recordkeeping file. Covering data about the FSC / SBP certification status of each wagon arriving into harbour as well as status of harbour stocks. NCR 01/20 is closed.
NC Status:	CLOSED

11 Certification decision

Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Ondrej Tarabus
Date of decision:	17/Aug/2020
Other comments:	N/A