

Supply Base Report: MLT Ltd

Third Surveillance Audit

Scope Change Audit

www.sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 1.3

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 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

© Copyright The Sustainable Biomass Program Limited 2019

Contents

1	Overview	1
2	Description of the Supply Base	2
2.1	General description.....	2
2.2	Actions taken to promote certification amongst feedstock suppliers.	4
2.3	Final harvest sampling programme	4
2.4	Flow diagram of feedstock inputs showing feedstock type.....	4
2.5	Quantification of the Supply Base.....	5
3	Requirement for a Supply Base Evaluation	6
4	Supply Base Evaluation	7
4.1	Scope.....	7
4.2	Justification	7
4.3	Results of Risk Assessment	7
4.4	Results of Supplier Verification Programme	7
4.5	Conclusion	7
5	Supply Base Evaluation Process	8
6	Stakeholder Consultation	9
6.1	Response to stakeholder comments	9
7	Overview of Initial Assessment of Risk	10
8	Supplier Verification Programme	11
8.1	Description of the Supplier Verification Programme	11
8.2	Site visits.....	11
8.3	Conclusions from the Supplier Verification Programme	11
9	Mitigation Measures	12
9.1	Mitigation measures.....	12
9.2	Monitoring and outcomes	12
10	Detailed Findings for Indicators	13
11	Review of Report	14
11.1	Peer review.....	14
11.2	Public or additional reviews	14
12	Approval of Report	15

13	Updates	16
13.1	Significant changes in the Supply Base.....	16
13.2	Effectiveness of previous mitigation measures.....	16
13.3	New risk ratings and mitigation measures	16
13.4	Actual figures for feedstock over the previous 12 months	16
13.5	Projected figures for feedstock over the next 12 months.....	16

1 Overview

Producer name: MLT Ltd.
Producer location: 96-A, Staritskaya Str., Torzhok, Tver Region, 172011, Russia.
Geographic position: 57,018447 N, 34,962064 E
Primary contact: Mrs. Elena Firsova, 96-A, Staritskaya Str., Torzhok, Tver Region, 172011, Russia.
 phone: +7-910-930-75-37, E-mail: efirsova@mltlvl.ru
Company website: www.ultralam.com
Date report finalised: 03/Jun/2019
Close of last CB audit: 19/Jun/2019, Torzhok.
Name of CB: NEPCon OU
Translations from English: Yes
SBP Standard(s) used: Standard 2: Verification of SBP-compliant Feedstock, Version 1.0: published March 2015; Standard 4: Chain of Custody, Version 1.0: published March 2015; Standard 5: Collection and Communication of Data, Version 1.0: published March 2015r.
Weblink to Standard(s) used: <https://sbp-cert.org/documents/>
SBP Endorsed Regional Risk Assessment: not applicable
Weblink to SBE on Company website: not applicable

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

In the forth reported period (01.01.2018-31.12.2018) MLT Ltd.'s Supply Base incorporated 15 forest concessions located in Tver Region, Russia, with the total area of 710062,73 ha. These forest concessions provided logs for laminated veneer lumber (LVL) production the clean residues of which are used to produce wood pellets. MLT Ltd. is a concession holder of 15 forest concessions. Whole Supply Base of MLT Ltd. Is FSC-certified. Thus, all logs the residues of which are used for pellet production are 100% FSC certified (FSC 100% claim).

Tver Region ranks #20 among the most forested Russian regions. Forests cover 55% of its territory. The area of its forest estate is 4 874,5 thousand ha. The overall timber inventory makes up 738,8 million cubic meters.

The distribution of forest types across Tver Region is very uneven due to different environmental conditions and human economic activities. Most of the territory consists of mixed forests with only the northern part of the region containing southern taiga forests. The supply base is located in the north-western, northern, central and southern parts of Tver Region, and is attributed to the mixed forests zone.

The profile of areas adjacent to the Supply Base is mainly represented by forest lands, settlements, highways and railroads, including those of federal importance connecting Moscow and Saint – Petersburg, as well as Moscow and the Baltic states. There are several large lakes and water reservoirs as well as several hundreds of small and medium size lakes within the adjacent areas. Among the large rivers are the Upper Volga and Western Dvina as well as the Istra River.

According to the economic, environmental and social significance the forests of Tver Region are subdivided into protected (40%) and usable (60%) ones.

Forest management practices are designed to achieve non-depletable sustainable forest utilization in compliance with the existing forest legislation requirements and forest certification principles, if applicable. The period of felling rotation is 60 -120 years. The period of felling rotation includes 1 or 2 thinnings, final cutting at the maturity stage and reforestation. Reforestation activities may include planting of young trees (about 60% across the region) and natural reforestation (about 40% across the region). Continuous forest rotation technique is also implemented and based on 15 -20 year logging cycle with selective harvesting and preservation of viable undergrowth.

Forest lease relationships have been actively developing in Tver Region for the past few years. The government leases forest parcels to log harvesting companies for a period of 49 years. Around 60% of forests are leased out. Currently, there are approximately 450 forest concession agreements operating in the Region. 99% of forest concessions are intended for harvesting. MLT Ltd. Is the largest forest concession holder in Tver Region.

In Tver Region, the volumes of annual timber harvesting make up around 4.5 million cubic meters with the volume of fellings being half of the allowable annual cut, which ensures sustainable use of forest resources.

Reforestation and tending of forest concessions intended for harvesting is ensured by appropriate concession holders.

The main forest forming species are spruce, pine, birch, aspen, alder, oak.

There are no old-growth forests or indigenous minorities present within the boundaries of the certified territory. MLT Ltd. does not harvest CITES or IUNC species. 30% of the certified territory of MLT Ltd.'s and Lesservice Ltd.'s supply bases has been attributed to HCVF and excluded from forest use (Special Protected Natural Areas, Special Protection Area, representative areas, social HCVF).

Forestry sector of Tver Region is very well diversified and represented by all branches of woodworking industry ranging from harvesting to lumber production. MLT Ltd. ranks first among the region's pellet producers with the annual capacity of 40 000 thousand tons.

The forest sector makes up significant portion of the region's economy. When compared to other sectors of economy, the forest sector is profitable and does not require any government subsidies.

The socio-economic function of Tver region is regulated by law and, in particular, includes the allocation of 2% of annual allowable cut of coniferous species and 4% of broadleaved species to the region's population to be used for their own construction and heating needs. Preference for employment is granted to local residents.

Under the existing cooperation agreements, MLT Ltd. provides charitable support to local infrastructure (administrative bodies of local districts and settlements).

Table 1. Percentage of SBP product group feedstock for the fourth reported period.

SBP product group	% in overall supply	Number of suppliers	Species used in pellet production
Controlled feedstock	0%	0	-
SBP-compliant primary feedstock	0%	0	-
SBP-compliant secondary feedstock	100 % FSC 100%*	Wood residues from own production	24% Pine, 63% Spruce, 13% Birch
SBP-compliant tertiary feedstock	0%	0	-
SBP non-compliant feedstock	0%	0	-

* Feedstock used for pellet production excluding biomass consumption for heat generation.

2.2 Actions taken to promote certification amongst feedstock suppliers.

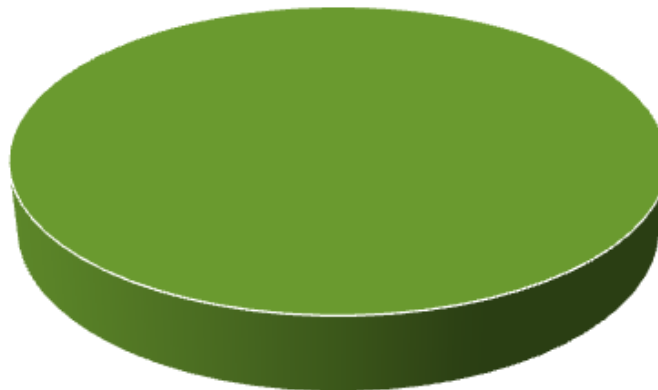
Not applicable & MLT Ltd. Uses feedstock coming only from own FSC-certified leased area.

2.3 Final harvest sampling programme

Not applicable. MLT Ltd uses wood waste only.

2.4 Flow diagram of feedstock inputs showing feedstock type.

SBP – compliant secondary feedstock – 100%



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 710062,73 ha.
- b. Tenure by type (ha): 710062,73 ha, municipal concession (public property lease).
- c. Forest by type (ha): 710062,73 ha, boreal forest.
- d. Forest by management type (ha): 710062,73 ha, natural forests managed under concession agreements.
- e. Certified forest by scheme: 710062,73 ha of FSC-certified forests. (FSC 100%)

Feedstock

- f. Total volume of Feedstock: 77160 m³.
- g. Volume of primary feedstock: 0 m³.
- h. Percentage of primary feedstock (g), by the following categories.
 - Forest estates certified to an SBP-approved Forest Management Scheme – 0 m³.
 - Forest estates not certified to an SBP-approved Forest Management Scheme – 0 m³.
- i. List all species in primary feedstock, including scientific name: not applicable.
- j. Volume of primary feedstock from primary forest: not applicable.
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme – 0 m³.
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 0 m³.
- l. Volume of secondary feedstock: 77160 m³. (100% wood residues: residual wood chips).
- m. Volume of tertiary feedstock: 0 m³.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	X

SBE not required as to produce wood pellets. MLT Ltd. use FSC-certified feedstock only. (FSC 100%).

4 Supply Base Evaluation

4.1 Scope

Not applicable.

4.2 Justification

Not applicable.

4.3 Results of Risk Assessment

Not applicable.

4.4 Results of Supplier Verification Programme

Not applicable.

4.5 Conclusion

Not applicable.

5 Supply Base Evaluation Process

Not applicable.

6 Stakeholder Consultation

Not applicable.

6.1 Response to stakeholder comments

Not applicable.

7 Overview of Initial Assessment of Risk

Not applicable.

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Not applicable.

8.2 Site visits

Not applicable.

8.3 Conclusions from the Supplier Verification Programme

Not applicable.

9 Mitigation Measures

Not applicable.

9.1 Mitigation measures

Not applicable.

9.2 Monitoring and outcomes

Not applicable.

10 Detailed Findings for Indicators

Not applicable.

11 Review of Report

11.1 Peer review

11.2 Public or additional reviews

The Russian and English versions of the report are available at MLT Ltd.'s website <http://www.ultralam.com> (at page "Products" – "Wood Pellets" – "Delivery and Certificates").

All requests, if any, by parties concerned shall be sent to the company's address: 96-A, Staritskaya Str., Torzhok, Tver Region, 172011, Russia, email MLTinfo@mltlvl.ru, for the biomass producer's consideration.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Mrs. Elena Firsova</i>	<i>Certification Engineer</i>	<i>03.06.2019</i>
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	<i>Mr. Sergey Zorin</i>	<i>MLT Ltd. production director.</i>	<i>03.06.2019</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

13 Updates

There were no significant changes in the reporting period.

13.1 Significant changes in the Supply Base

Not applicable.

13.2 Effectiveness of previous mitigation measures

Not applicable.

13.3 New risk ratings and mitigation measures

Not applicable.

13.4 Actual figures for feedstock over the previous 12 months

Volume of secondary feedstock: 77160 m³.

13.5 Projected figures for feedstock over the next 12 months

Volume of secondary feedstock: 111860 m³.