

SBP

Sustainable Biomass Partnership

MLT Ltd. Supply Base Report

www.sustainablebiomasspartnership.org



Version 1.2 June 2016

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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

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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: 18/05/2018
Close of last CB audit: 22/06/2018, 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: <http://www.sustainablebiomasspartnership.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"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

In the third reported period (01.01.2017-31.12.2017) MLT Ltd.'s Supply Base incorporated 16 forest concessions located in Tver Region, Russia, with the total area of 939 952.73 ha. These forest concessions provided logs for laminated veneer lumber (LVL) production the residues of which are used to produce wood pellets. MLT Ltd. is a concession holder of 15 forest concessions with the area of 710 062.73 ha, the 14 (fourteen) of which are FSC-certified. The fifteenth one is being prepared for the certification with no harvesting or wood supply activities underway.

Over the reported period, 100% FSC wood used to produce laminated veneer lumber was also provided by an FSC-certified supplier, Forest Glade Ltd. from an FSC certified forest concession held by Lesservice Ltd (the 16th forest concession from MLT LTD's Supply Base, with an area of 229 890 ha).

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. There are 805 heat energy plants in the Region, 153 out of which use wood fuel.

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. and Lesservice Ltd. provide charitable support to local infrastructure (administrative bodies of local districts and settlements).

Table 1. Percentage of SBP product group feedstock for the third 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 waste from own production	25% Pine, 63% Spruce, 12% 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.

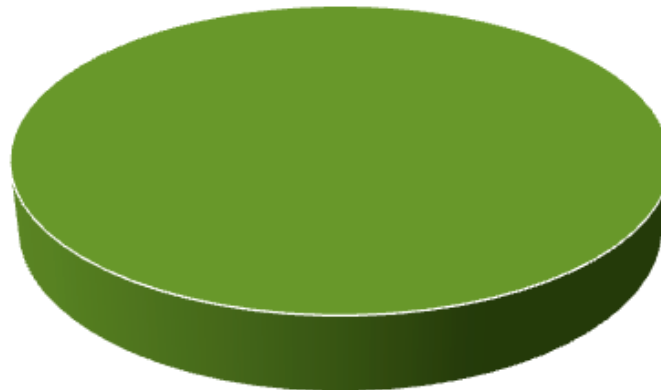
Following MLT Ltd.'s recommendations, the feedstock supplier, Forest Glade Ltd., has been certified according to FSC chain of custody standard, and its sub-supplier, Lesservice Ltd, has passed evaluation according to FSC forest management and chain of custody standards. Currently, both of them are FSC certificate holders (certificates NC-COC-026710 and NC-FM/COC-026197).

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): 939 952.73 ha.
- b. Tenure by type (ha): 939 952.73 ha, municipal concession (public property lease).
- c. Forest by type (ha): 939 952,73 ha, boreal forest.
- d. Forest by management type (ha): 939 952.73 ha, natural forests managed under concession agreements.
- e. Certified forest by scheme: 857 988.73 ha of FSC-certified forests. (FSC 100%)

Feedstock

- f. Total volume of Feedstock: 88 567 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: 88 567m³. (100% wood waste: 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


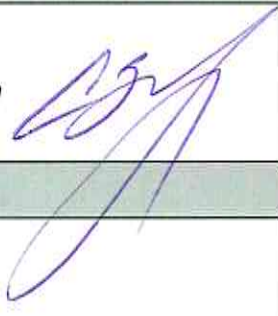
The report was sent for expert evaluation to Kirov Forest Certification Center. The evaluation was performed by the center's expert, Mrs. N.M. Efimova (the review is enclosed).

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 manufacturer's consideration.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Mrs. Elena Firsova 	Certification Engineer	18.05.2018
	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:	Mr. Sergey Zorin 	MLT Ltd. production director.	18.05.2018
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	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

88 567 m3.

13.5 Projected figures for feedstock over the next 12 months

100940 m3.

MLT Ltd. Supply Base Report for Biomass Producers (Torzhok, Tver Region, Russia). Observations.

In general, the revised Supply Base Report is written correctly and meets SBP's requirements specified for Supply Base Reports of Biomass Producers. There are no observations found.

N.M. Efimova, Forest Certification Expert.
Kirov Forest Certification Center.
Mobile phone: +7 912 824 35 17
May 03, 2018.

Information about the Expert. Mrs. Nadezhda Mikhailovna Efimova is a Forestry Engineer with over 42 years of forest industry experience, including 13 years of work as a Forest Certification Expert in Kirov Forest Certification Center. She is a Member of FSC (International) since 2009, a member of FSC (Russia) since 2011, a member of the FSC National Working Group, a registered consultant at www.fsc.ru website for the following types of activities: counseling and preparation for forest management and chain of custody certification, counseling on controlled wood, training in the sphere of forest certification and other types of activities.